

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Problems Nicaragua
cannot blame
on Reagan, Page 24

America	US 22	Canada	100	Japan	100	UK	100	France	100	Germany	100	Italy	100	Spain	100	Sweden	100	Switzerland	100	Netherlands	100	Belgium	100	Australia	100	New Zealand	100	South Africa	100	India	100	China	100	USSR	100	Other	100
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World news Business summary

Barbie in court after 40 years

Klaus Barbie, former chief of the Gestapo secret police in Lyons, appeared in court in Lyons yesterday on charges of crimes against humanity during the Second World War. Background, Page 2

Malta poll defeat

Malta's Socialist Party, headed by Premier Carmelo Mizzi, last night appeared to be heading for a crushing defeat at the hands of the Christian Democratic opposition, Nationalist Party. The result of Saturday's election is expected to show an overall majority for the Nationalists.

French strike widens

Disruption to air traffic in France widened when Air France navigators went on strike in the wake of three weeks of stoppages by air traffic controllers. Page 2

Drastic cuts face EC

Drastic cuts in European Community payments will have to be enforced later this year unless member states agree to provide more money, European Commission President Jacques Delors warned. Page 2

Mitterrand in Berlin

French President Francois Mitterrand visited West Germany's President Richard von Weizsäcker in his official residence in West Berlin, setting a precedent in relations between the city and its three protective Western powers. Page 3

Beirut port shelled

The port of Beirut, under artillery fire as envoys of President Amin Gemayel of Lebanon resumed long-delayed peace talks with Syrian officials in Damascus.

US crime rate up

The number of US crimes reported rose by 6 per cent last year, the highest increase in seven years. An FBI report also said that the number of convicted criminals in jail soared to record levels. Page 7

Forest fire kills 142

Aircraft flying to trigger artificial rainfall began flights over a vast six-day forest fire in north-east China, near the Soviet border, which has killed 142 people and made 50,000 homeless.

Terror cache found

French police found two hideouts used by the left-wing terrorist group Action Directe near Tours and seized weapons and explosives. Interior Minister Charles Pasqua said.

Refusenik's death

Soviet refusenik Yuri Shepizman, 55, who arrived in Vienna on Sunday after eight years of trying to get an exit visa, died of a heart attack there before he could fly to Israel.

Saint Laurent theft

Thieves stole original leather and silk designs worth FF1.1m (\$165,000) belonging to French couturier Yves Saint Laurent's winter collection from a Paris showroom.

Heart man dies

Emmanuel Vitria, 67, died in Marseille after living for a record 16 years with the transplanted heart of a 20-year-old marine. He once described himself as the happiest man in the world.

Irving Berlin 99

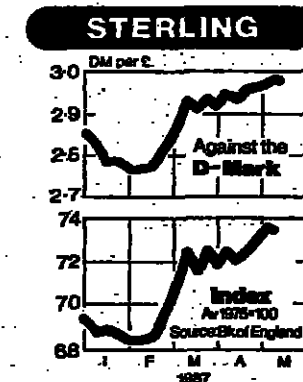
Irving Berlin, the songwriter who produced more than 1,000 hits including White Christmas and Easter Parade, celebrated his 90th birthday quietly with his wife and family in New York.

Peugeot beats profits forecast

PEUGEOT, French private car group embracing the Peugeot and Citroën marques, reported higher than expected 1986 earnings of FF3.55bn (\$530m) against FF3.45bn for 1985. Page 25

WALL STREET: The Dow Jones industrial average closed 15.0 down at 3,597.3. Page 35

TOKYO: Sharp early gains lifted share prices to another record despite investor nerves over the high level of prices. The Nikkei average closed up 18.89 at 24,508.22. Page 48



STERLING closed in New York at \$1.5115, fell in London to \$1.5085 (\$1.5115 to DM 2.36 (DM 2.3650) to FF 9.9550 (FF 10.0050) to SF 1.45 (SF 1.4625) and to Y232 (Y234). The pound's exchange-rate index fell 0.3 to 73.3. Page 37

DOLLAR closed in New York at DM 1.1995; SF 1.4735; FF 9.982; £1.5085. It rose in London to DM 1.1985 (DM 1.1985) to FF 9.9825 (FF 9.9725) to SF 1.4770 (SF 1.4700) and to Y238.90 (Y238.85). On Bank of England figures the dollar's exchange-rate index rose 0.3 to 100.5. Page 37

GOLD fell 50.75 on the London bullion market to close at \$454.50. It rose in Zurich to \$453.75 (\$453.50). In New York the Comex June settlement was \$457.70. Page 38

LEAD and zinc prices jumped in London trading amid the continuing rise in the Kuala Lumpur market. Lead mining company, Lead surged £21 a tonne to £220 and zinc was £31 higher at £534.50 for cash metal. Page 38

MALAYSIA: The firm launched last Friday on the New York Stock Exchange to allow foreign investors to invest in the Kuala Lumpur stock market has been increased by 15 per cent from \$84m to \$96.8m amid strong demand. Page 48

DOWNER, West Germany's second largest aerospace company, in which Daimler-Benz has a controlling 65.5 per cent stake, increased its after-tax profits in 1986 to DM 42.4m (\$24m) against DM 33.1m for the previous year. Page 25

EUROPEAN Commission is considering using tariffs and volume restraints to prevent the diversion of Japanese electronic products from the US. Page 8

BRITISH AEROSPACE is to place a £5.5m (\$10.5m) contract with India's state aircraft maker to help improve its chances of winning an Indian aircraft order worth about \$300m. Page 8

CHRYSLER, third largest US motor manufacturer, is to turn its automotive parts division into a separate, wholly-owned subsidiary. Page 25

ATLAS-COPCO, Swedish mining, construction and industrial equipment manufacturer, suffered a 4.5 per cent drop in first quarter profits but repeated forecasts of higher earnings for the full year. Page 25

CASIO, digital watch-maker, blamed the strong yen in part for a 87 per cent drop in annual pre-tax profits to ¥24.2bn (\$30.2m). Page 28

MORGAN GRENKILL, UK investment bank, is losing three New York staff members - including senior mergers and acquisitions executive Randall Caudill - to Wall Street securities firm Prudential Bache. Page 25

Thatcher seeks historic third term in June poll

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS MARGARET THATCHER, Britain's Prime Minister, is to seek re-election for her Government on Thursday, June 11, for a record third consecutive term and said yesterday she wanted a fourth term. At the same time, she promised to set a course for Britain up to the end of the century.

The Tories will go into the four-week campaign as favourites to retain an overall majority in the House of Commons although probably down on their 144-seat margin at the 1985 election.

Confirmation of the long-expected election date came yesterday after a Cabinet meeting of just under an hour and a visit by the Prime Minister to Buckingham Palace to obtain the Queen's formal approval for a dissolution of Parliament.

Parliament will meet for the rest of this week to complete legislative business, and formal campaigning will start at the weekend, with party manifestos being published early next week.

The party leaders were, however, quick to set out major themes in a series of television interviews.

In characteristically ebullient form, Mrs Thatcher said she hoped to serve a fourth term because this time she was only aiming for her third term and there was still "quite a long way to go" and "a great deal to be done."

The plans in the Conservative Party manifesto, to be published a week today, might, she said, "take longer than five years."

The manifesto would set "a course to go up to the end of the century." Noting this would mark the end of the millennium, she said: "It ought to set Britain's course for the next century as well as this."

She added that she hoped to "go on and on," saying: "We really must win. There is so much to lose."



Mrs Margaret Thatcher: prospect of historic third term

Mrs Thatcher also sought to justify her decision to call an election a year early. She stressed that she had always said there was no question of an election under four years and that any time between the fourth and fifth year was possible. But the Government now had a lot of plans for the future which would take "quite a number of years to implement."

She said that "so much is going on in the international scene, arms control, the future of the Common Agricultural Policy, the whole of East-West relations, and the Middle East problem. It is important to know that we are going to have continuity and confidence in decisions."

Consequently, she argued that it was "best to end the uncertainty; to plan for the future."

The annual summit of the seven main industrialised countries is due to be held in the final three days of the campaign. Government officials said yesterday that Sir Geoffrey Howe, Foreign Secretary, would represent Britain for the whole of the campaign.

Editorial comment, Page 22; Election campaign, Page 22; Parties clear decks, Page 11; London Stock Exchange, Page 44; Money markets, Page 37

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New Delhi imposes direct rule on troubled Punjab

BY JOHN ELLIOT IN NEW DELHI

A GENERAL security alert was issued throughout northern India early this morning when the Sikh Akali Dal government in the turbulent state of Punjab was removed from office for a period of six months by the central Indian Government of Mr Rajiv Gandhi.

The Indian Government said the Punjab administration was "incapable" of maintaining law and order.

It has been replaced with President's rule, which involves direct government from New Delhi, administered through the governor of the Punjab.

The move could increase the effectiveness of the security forces but could also exacerbate the alienation of the local population, especially Sikh youth.

Fearing a possible extremist backlash, all the northern Indian states, particularly the capital of New Delhi, were put on a state of alert by the government last night.

Paramilitary reinforcements were sent to especially sensitive areas.

The imposition of President's rule, which amounts to a major political setback for Mr Rajiv Gandhi, the Prime Minister, was announced in New Delhi just before midnight.

It followed a long meeting of the Indian cabinet which had considered a report on the political and security situation in the Punjab, where more than 300 people have been killed as a result of Sikh extremist violence this year, 16 of them last Sunday.

A statement issued by the Indian Government said there had been a "breakdown of law and order machinery" because a "parallel authority" exercised by fundamentalists and terrorists "had been functioning since April. This had caused people to flee from the state and had led to 'lawlessness, looting, bank robberies, burning of shops and kiosks, and brutal murders of innocent persons'."

Although there are some potential short term political advantages in this development for Mr Gandhi, it basically underlines his failure to push through a peace settlement for the Punjab problem, which has claimed the life of Mrs Indira Gandhi, his mother and former Prime Minister, as well as hundreds of other Indians.

In 1985, when he was at the height of his political powers, Mr Gandhi ended an earlier two-year spell of President's rule in the state and held regional elections which were supposed to pave the way for a permanent settlement of Sikh unrest through a peace accord.

But he failed to implement the terms of the accord. The Sikhs' Akali Dal government elected in 1985 and headed by Mr Surjit Singh Barnala, the chief minister, then failed to quell the resulting violence and the government splintered into warring factions.

Nissan speeds up investment in UK manufacturing plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

NISSAN, second-largest Japanese car producer, is accelerating its UK expansion programme at Washington, in north-eastern England, a move which will create 300 jobs a year ahead of the original schedule.

Output of the Nissan Bluebird car range will be increased by more than 20 per cent this year from the 24,000 predicted when the group announced its expansion scheme last September to 29,000.

The 29,000 cars to be assembled this year from kits will still be considered Japanese and will count against Nissan's quota under the terms of the gentlemen's agreement which restricts vehicles shipments from Japan to the UK.

At the same time Nissan UK, the independent importer of Nissan vehicles to Britain, yesterday announced that it would spend a further £20m (\$25m) this year to expand and strengthen its dealer network.

This will create 25 major new outlets and improve Nissan's distribution base in the UK for the sale of the Washington-built Bluebirds when their European content reaches 60 per cent at the end of 1987 and they qualify for the first time as "British" cars.

The importer has already spent £50m on strengthening its network by offering low-cost loans and premises to would-be dealers.

As a result, about 90 of the 300 Nissan main dealerships are associated with the import company, which is owned by Mr Octav Botnar, who travels on a West German passport and remains executive chairman although he is well into his 70s.

Mr Stan Cholej, Nissan UK's joint managing director, said yesterday that spending on the network in 1986 would continue at this year's rate.

His company ultimately wanted between 350 and 390 major dealers. In the short term the network would soon be capable of moving Nissan's share of the UK new car market up from 6 per cent to at least 10 per cent as British-built cars became more freely available.

Nissan UK had been asking the Washington plant for more Bluebirds for some time to meet rising demand, and the year's appreciation against the pound now made assembly in the UK more viable, Mr Cholej added.

Nissan said the 300 jobs at Washington - to be filled exclusively from the north-east of England - are in addition to 270 others already planned for the remainder of 1987. Employment will double from the current 530 to 1,100 by the year end.

In addition, Nissan will introduce a night shift in November, eight months ahead of the original expansion schedule.

Chrysler restructures, Page 25; Peugeot earnings, Page 25

Energy ministers seek to avert oil crisis

By Max Wilkinson, Resources Editor, in Paris

ENERGY MINISTERS from the world's leading industrial countries yesterday agreed that last year's collapse of crude prices required them to strengthen measures to prevent a future oil crisis.

They were presented with a report by the agency's staff which showed that the much lower oil output since then had increased the vulnerability of the West to an oil producers' cartel. Ministers from the 21 member countries of the International Energy Agency were meeting for the first time since July 1985.

In a communiqué after the meeting the ministers said: "While lower energy prices have broad economic benefits, they have created serious problems for certain countries, industries, and regions. Increased consumption and reduced indigenous production of energy as a result of lower prices raise concerns about long-term energy security."

The unpublished analysis by agency staff suggests that crude prices are unlikely to rise much above present levels for the next few years.

As a result exploration will be greatly depressed compared with what would have been expected when prices were around \$28 a barrel compared with the present \$18-\$19.

The report suggested that demand for oil from the Organisation of Petroleum Exporting Countries (Opec) could as a result be pushed up to about 32m b/d in three years' time from the present 17m b/d. At the higher level, the IEA staff believes that prices would rise.

The ministers were careful to avoid mentioning specific prices or to refer to any future crisis. However, they agreed to give a new emphasis to energy conservation, to building up a strategic reserve of oil, to finding new sources of energy and to resisting barriers to trade in oil.

The ministers expressed a unanimous, though coded, condemnation of proposals in the US for an oil import tax. After the meeting, Mr John Hargrett, US Energy Secretary, pledged that the US Administration would continue to oppose this idea vigorously.

In spite of strong pressure from parts of the oil industry, he said he thought the chances against such a tax being adopted by Congress.

Mr Hargrett said the general anxiety about future oil supplies was particularly acute for the US, the largest producer and consumer of oil in the industrial world.

Details, Page 36

Reagan 'cleared plan to ransom US hostages'

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan approved a scheme to secure the release of American hostages held in Lebanon, which involved paying \$1m each to the captors and other parties, the Iran-Contra Congressional hearings were told yesterday.

Some of the money to back the scheme came from funds raised for the Nicaraguan Contra rebels by foreign allies of the US and was paid to US Drugs Enforcement Administration agents sent to the Middle East to co-ordinate and carry out the rescue mission.

These revelations came during the questioning of Mr Robert McFarlane, President Reagan's former national security adviser.

In a memorandum in 1985 Lt Col Oliver North, the sacked White House aide, sent a memorandum to Mr McFarlane saying that the DEA agents were to be involved in the operations on the authority of Mr Edwin Meese, the Attorney-General. He said that travelling expenses would be met by funds "normally accumulated for the Nicaraguan Contras." But scheme never came off.

It also emerged during the hearings that the Reagan Administration persuaded several foreign countries to fund the Contra rebels during a Congressional ban on US military aid, and President Reagan knew and approved the effort.

Mr McFarlane said on two occasions he handed the President a secret memorandum describing how an unnamed ally paid \$1m a month to the Contras, which it later doubled to \$2m a month.

Mr McFarlane did not identify the foreign donor, but he broke his pattern of anonymity and referred



Mr Robert McFarlane: secret memos to President

in his testimony at one point to preparations in Washington for a state visit by King Fahd of Saudi Arabia in early 1985.

Saudi Arabia has since last November, when the Iran scandal broke, denied widespread American news reports that it gave money to the Contras during the October 1984 to October 1986 Congressional aid ban.

Mr McFarlane, a former marine who led the first US combat attack in Vietnam, began his testimony to the House Senate panel on a note of contrition. "This has been and remains a source of deep remorse even anguish - for me," he said in an oblique reference to his suicide attempt earlier this year.

Continued on Page 24

Economic war cripples Nicaragua, Page 24

Meese seeks inquiry on Wedtech links

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR EDWIN MEESSE, the US Attorney-General, has asked for an independent counsel to investigate his links with Wedtech, the New York military contracting concern which filed for bankruptcy last September, four of whose officials have pleaded guilty to corruption charges.

Announcing the decision, his spokesman, Mr Terry Eastland, said: "The Attorney-General desires that this matter be resolved as promptly as possible and in a form that will prevent political exploitation."

The Attorney-General is confident that the inquiry will show he

has acted entirely properly and lawfully. He pledged swift and full cooperation with an independent counsel, Mr Eastland said.

Mr Meese's attorney has asked that the investigation of Mr Meese be conducted by Mr James McKay, an independent counsel, who is already investigating the lobbying activities for Wedtech by former White House aide Mr Lyn Nofziger.

Earlier this month, the two Democrats who chair the House and Senate Judiciary Committees, Senator Joseph Biden and Representative

Continued on Page 24

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Where people like to work

Europe	2, 3
Companies	16, 25, 26
America	7
Companies	25, 26
Overseas	5, 26
Companies	15
World Trade	6
Britain	9-11
Companies	31-35
Agriculture	36
Arts - Reviews	20
World Guide	20
Law	14
Commodities	36
Crossword	38
Currencies	37
Editorial comment	27
Eurobonds	27
Euro-options	38
Financial Futures	37
Gold Capital Markets	37
Letters	27
Lex	24
Management	12
Market Movers	45
Men and Matters	25
Money Markets	37
Raw Materials	36
Stock markets - Reviews	45, 46
Wall Street	45, 46
London	42-44, 46
Technology	30
Unit Trains	36-41
Weather	24

CHILEAN PLANNERS LOOK TO THE FUTURE

General Augusto Pinochet's regime may be digging in beyond the next decade, Page 7

Australian economy: keeping tabs on the spending ('Razor Gang')..... 5
China: foreign investors seek an open door 8
French motor industry: Citroën faces future with confidence 16
Editorial comment: offering a real choice; cold shoulder for the Panel... 22
Exchange rate: the US nutcracker... 23
Lex: markets' election response; Rolls-Royce; Peugeot; Takeover Panel..... 24
Technology: Yamaha's research strikes the right chord 30

EUROPEAN NEWS

David Marsh profiles Mr Bluem, new CDU leader in W Germany's most populous state

Testing the mettle of a working-class hero

MR NORBERT BLUEM, the authentic working class hero of West Germany's ruling Christian Democratic Union (CDU), faces his greatest test.

Mr Bluem, 51, a former tool-maker at the Opel car works who has been Labour Minister in the Bonn coalition since 1982, has been called to arms by Chancellor Helmut Kohl to take over leadership of the CDU in West Germany's most populous state, North Rhine Westphalia.

The chubby, cheerful Mr Bluem, whose cherubic features are topped by an anachronistic pair of steel-rimmed spectacles, has the look about him of a man who might be selling toffees at the end of the pier.

In the homey surroundings of his ministry in Bonn's leafy suburbia, a rabbit can sometimes be seen on the grass outside his office.

He will need to take one to pull out of his hat in Düsseldorf when he moves in later this month as chairman of the badly split North Rhine Westphalia CDU from Mr Kurt Biedenkopf, who was finally ousted from his post on Friday after months of moves to unseat him.

Mr Bluem, who will remain Labour Minister but will give up his other exacting job of chairman of the CDU's social affairs committee, favours plain speaking.

"A good clean row is the mark of democracy," he says. No stranger to controversy, Mr Bluem has attracted criticism both from trade unionists over high unemployment and the government's anti-strike legislation, and from economic right-wingers over his support for tax cuts for lower-income employees.

Mr Bluem, who is also a doctor of philosophy, keeps up contacts he struck up while on the Opel production line. He

has been a member for nearly 40 years of the IG Metall metalworkers' union, weathering previous union attempts to cancel his membership.

Mr Bluem is only 5ft 5ins tall but he says his own personality adds up to a prime reason why the CDU these days is increasingly capturing the working class vote from the Social Democratic Party (SPD). That might sound a bit like bravado — but says Mr Bluem jocularly, "people whose main virtue is modesty belong in a monastery."

The down-to-earth Mr Bluem has no time for intellectual tirades with the Greens ecology party of the kind indulged in by Mr Biedenkopf — which represented one of the reasons for his downfall. "The reason for his reluctance was because any bad news Mr Bluem has to proclaim in the next two years as Labour Minister will now inevitably

directly hamper the CDU's chances of winning North Rhine Westphalia from the Social Democratic Party (SPD) in the next state elections in 1988.

One of Mr Bluem's greatest challenges in Bonn is to manage an overhaul of the country's health insurance and pensions system, creaking under the impact of high costs and West Germany's ageing population.

Mr Bluem, a Roman Catholic, has strong views on the subject of the declining German birth rate. He has already done his bit to try to reverse it by producing two girls and a boy. "A country not capable of looking ahead to securing its own existence runs the risk of becoming a sad society," he says.

At least, whatever other difficulties it faces, with Mr Bluem at the helm, the North Rhine Westphalia CDU should have no shortage of good cheer. One of

the most modern hospital, don't they?"

The way he addresses hierarchical subordinates by the familiar "du" form can make staid members of the Government wince. Maintaining an open door for discussions on all sides, he says, is the best way for politicians to keep their common sense. "We must not stew in our own juice."

Against his inclinations, Mr Bluem has been pressed into the North Rhine Westphalia job by his old friend Mr Kohl, who affects a similar bonhomie to Mr Bluem but with considerably less sparkle.

Mr Bluem maintained his resistance to the move right up until events came to a head at the end of last week. A prime reason for his reluctance was because any bad news Mr Bluem has to proclaim in the next two years as Labour Minister will now inevitably

directly hamper the CDU's chances of winning North Rhine Westphalia from the Social Democratic Party (SPD) in the next state elections in 1988.

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Norbert Bluem — facing a tough challenge

his longest-standing associates, Mr Bernhard Vogel, CDU Prime Minister of the Rhineland Palatinate, said at the weekend. "Bluem has taken the job from a sense of duty. But he should be able to make it fun too."

CITY'S 750th ANNIVERSARY

Mitterrand leads off visits by top leaders to Berlin

BY LESLIE COLT IN BERLIN

AN UNUSUAL series of visits to Berlin by the leaders of the four powers responsible for the divided city since 1945 was inaugurated yesterday by Mr Francois Mitterrand, the French President, to mark Berlin's 750th anniversary.

Mr Mitterrand will be followed later this month by Queen Elizabeth and Mr Mikhail Gorbachev, the Soviet leader. Mr Ronald Reagan, the US President, will come next month.

At one point the possibility of a summit meeting in Berlin between Soviet and US leaders arose, but Mr Gorbachev moved forward the date of his visit. Before flying to West Berlin, Mr Mitterrand stopped over in Cologne to pick up Mr Helmut Kohl, the West German Chancellor. In another symbolic gesture, he called on Mr Richard von Weizsäcker, the West German President, at Bellevue Castle, his residence when visiting West Berlin.

First time

It was the first time an allied leader exercising sovereignty in West Berlin had paid a call on a West German President, who is not permitted to carry out official acts of state in the former German capital.

The French President reiterated his country's joint responsibility for the defence of the city, along with Britain and the US. France has 2,500 troops out of the 12,000-man allied military contingent in West Berlin, whose presence is large demonstrative. The allies are surrounded by more than 500,000 Soviet and East German troops.

Mr Mitterrand's novel gift to West Berliners for the anniversary was a missing ornamental frieze under the victory column erected after the Franco-Prussian war and depicting the unification of Germany. It was removed by the French in 1945 and taken to Paris.

Mr Gorbachev will visit East Berlin from May 25-30 to attend a Warsaw Pact summit conference and to pay his respects during East Berlin's anniversary year.

Celebrate

An attempt by the two halves of Berlin to celebrate jointly at least some aspects of their 708 years together collapsed late last month.

East Germany withdrew an invitation to Mr Eberhard Diepgen, West Berlin's mayor, to attend the official East German anniversary ceremony later this year. District mayors of East Berlin also withdrew invitations to their West Berlin counterparts for what would have been the first such contacts since the city was divided in 1948.

East Germany blamed provocative speeches by Mr Diepgen and Chancellor Kohl for the cancellations.

President Reagan's visit to West Berlin on June 12 will be the briefest, four hours, but is causing security officials the biggest headache. Queen Elizabeth is to review a parade of British garrison troops for her birthday and will be given a glittering reception at Charlottenburg castle, former seat of the Prussian rulers.

Rheinmetall faces Iran arms inquiry

BY DAVID MARSH IN BONN

RHEINMETALL, the West German defence and engineering group, has become embroiled in an inquiry over an alleged illegal plan to sell sophisticated artillery to Iran.

The company, which said yesterday it knew nothing of such a plan, had its offices in Düsseldorf searched on Friday by police and state attorneys in connection with an alleged deal to ship the arms via Norway and Turkey.

The Rheinmetall holding company, which has activities in machinery, automotive engineering and weaponry, yesterday declared itself taken aback by the latest affair. The company said it would need time to examine the allegations.

The inquiry comes a year after a court in May 1986 sentenced three Rheinmetall executives and a former

manager to suspended prison sentences for illegally exporting arms abroad.

The suspected deal which has attracted the attention of the West German authorities centres on an alleged proposal to ship 300 of Rheinmetall's 20mm cannon to Iran.

West German press reports said the deal, which was prevented from being carried out after the Norwegian press reported the affair last month, would have been worth about DM 100m.

West German companies need a specific export licence to sell arms outside the Nato area. The Government has followed a strict policy of not issuing licences for sales of weapons to warring countries or other so-called "crisis areas"—an area which clearly includes both Iran and Iraq.

Athens tries to defuse public funds scandal

By Andreas Ierodakou in Athens

THE GREEK Socialist Government is to submit a bill before parliament in the next few days requiring directors of public sector enterprises to disclose the sources of their personal wealth.

The bill was announced over the weekend by Dr Andreas Papandreu, the Prime Minister, in a bid to stem the flood of allegations of mismanagement of public funds likely to prove politically highly damaging to the Socialists.

The proposed bill will expand existing legislation which requires politicians to provide details of their own and their families' salaries and other assets every year.

The new legislation will be retrospective to 1974, thus spanning the two conservative administrations which governed Greece between the collapse of the military dictatorship 12 years ago and the Socialists coming to power in 1981.

The Government last week rejected a proposal by the conservative New Democracy Party, Greece's official opposition, for the immediate setting up of a special parliamentary committee to look into what the press and public have generally dubbed "the scandals."

The government argued that it did not want to preempt the judicial process and pledged that a parliamentary committee would be established once the "press and public" had been through the courts.

Allegations of laxity in the management and use of funds in the public sector have been building up over the past few months, mostly in the form of press reports based on anonymous leaks in which fact has been difficult to distinguish from fiction.

The Greek public's response has been one of dismay laced with cynicism and in one case—that of the manager of a state bank branch accused of diverting funds to a soccer club—even sympathy. The Government was obliged to declare contributions to a fund set up in his support illegal.

The alleged scandals have generated a alarmed commentaries in the press. "It is certain that the political life of the country will emerge from this climate of ethical and political decay only with difficulty," one leading newspaper columnist wrote.

Plea on S Africa

THE DUTCH Government has urged local companies to stop new investment in South Africa, according to a letter sent to the employers' association. Reuter reports from the Hague.

In the letter Mr Hans van Den Broek, the Foreign Minister, and Mr Rudolf de Korte, Economic Affairs Minister, call on companies immediately to abide by the European Community's decision to halt new direct investment in South Africa.

A Dutch law is not expected to formalise the sanctions until later this year, so the ministers decided to send the letter now. Some 30 Dutch companies have investments in South Africa.

W Germany to turn away foreign AIDS suspects

WEST GERMANY, which already has stringent anti-AIDS measures enforced in one of its states, will turn away at the border foreigners suspected of having the disease, the Interior Ministry said yesterday, Reuter reports from Bonn.

The ministry said it had instructed border guards to refuse entry to non-European Community nationals believed to be suffering from Acquired Immune Deficiency Syndrome or carrying the AIDS virus.

"This is aimed at protecting the West German population," the Ministry said, adding that tourists as well as foreigners applying for a residence permit would be affected.

Visitors would not be routinely tested for AIDS, but would be referred to health

Moscow to act on hostages

THE Soviet Union said yesterday it had decided to join a UN convention which commits signatories to taking measures to prevent and combat the taking of hostages, Reuter reports from Moscow.

The country's highest state body, the Presidium of the Supreme Soviet, took the decision in a decree dated May 7, Tass, the official news agency said.

The convention was adopted by consensus by the UN General Assembly in New York in December 1978, about six weeks after the seizure of the US embassy in Tehran.

Diplomats said about 36 countries had signed and ratified the convention, under which signatories undertake to punish "hostage-takers" by appropriate penalties which take into account the grave nature of those offences.

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Capacity use declines

West German manufacturing industry capacity use fell in the first quarter of this year, according to a report by the economic research institute, IFO, Reuter reports from Munich.

An IFO report said manufacturing capacity use fell to an average 85.6 per cent in March from 84.7 per cent in December. Capacity use in the capital goods industry last year and compared with an

average 85.1 per cent in September 1986. Average orders in hand for work was 2.7 months in March, a fall from 2.9 months in December 1986.

Capacity use in the primary products sector fell to 84.1 per cent in March from 83.4 per cent in December. Capacity use in the capital goods industry fell to an average 83.4 per cent

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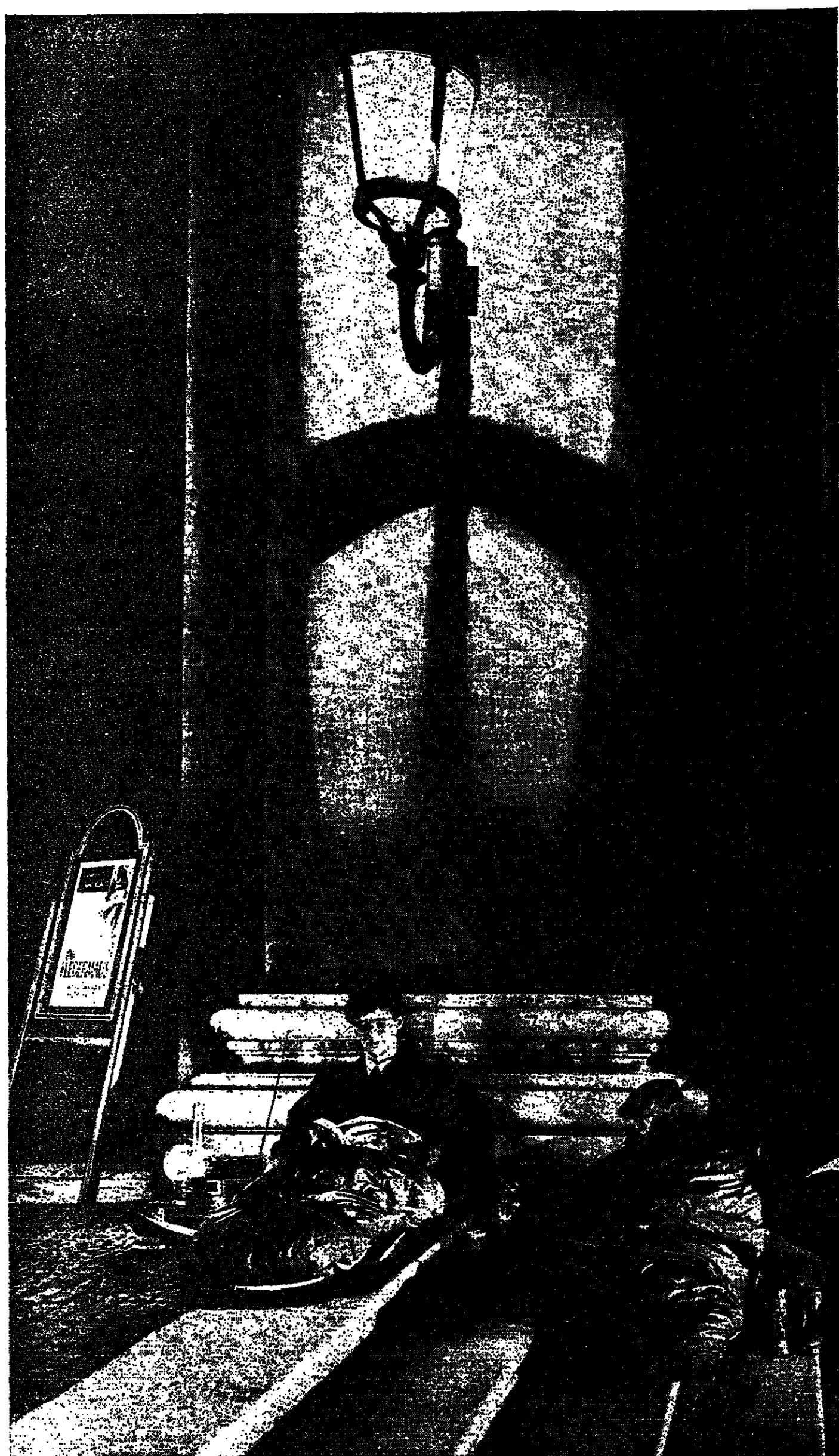
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A NIGHT AT THE OPERA FOR THE GUESTS. THREE DAYS IN THE QUEUE FOR THE BELLBOY.



In Munich, tickets for the New Year's Eve opera are about as plentiful as snowballs in August.

(Except when the opera is Johann Strauss's 'Die Fledermaus.' Then the tickets are really difficult to get hold of.)

In fact, if you want a ticket you have to prove your dedication beyond all reasonable doubt.

Three days before the performance, you have to report to the ticket office at 6.00 am.

Two hours later you have to report again. And two hours after that, and two hours after that. And so on until 10.00 that night. (This soon sorts out the zealots from the merely enthusiastic.)

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And on the third day (by which time only the fanatical fringe is left) you queue continuously from 6.00 am until you get a ticket.


So when two of our regular guests at the Munich Sheraton asked after tickets to 'Die Fledermaus,' all we thought we could offer was a sympathetic shrug.

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OVERSEAS NEWS

Arab states 'oppose' PLO presence at Mideast peace talks

BY ANDREW WHITLEY IN JERUSALEM

JORDAN, Egypt and Saudi Arabia all agree that the presence of the Palestine Liberation Organisation at an international conference with Israel would be "an obstacle," according to Mr. Leo Tindemans, the Belgian Foreign Minister and chairman of the European Community's Council of Ministers.

Speaking at the end of a two-day visit to Jerusalem, Mr. Tindemans said yesterday he had learned from his earlier talks in Cairo, Amman and Riyadh that there was no support in those countries for direct representation of the PLO at the negotiating table.

"For them, the Palestinians should be represented (at the proposed Middle East conference) in a mixed Jordanian-Palestinian delegation," the Belgian minister told a press conference. Mr. Tindemans has been touring the region on behalf of the European Community, following a declaration in Brussels last February by the 12 in favour of an international conference.

The Israeli inner Cabinet met yesterday to discuss the conference proposal being promoted by Mr. Shimon Peres, the

Foreign Minister. No statement was issued afterwards, but Mr. Yitzhak Shamir, the Prime Minister, is understood to have tabled a counter proposal for direct negotiations with Jordan under the framework of the 1978 Camp David Agreement.

As expected, no decision was taken yesterday in what seems to be a relatively bloodless debate, to be resumed tomorrow at the inner Cabinet's regular session. Neither Labour nor Likud—evidently represented on the 10-member policy-making body—appear to have conceded any ground or to have won support from the opposing side.

With Mr. Peres openly forecasting elections in the near future if the inner Cabinet fails to give him the support he is demanding, misgivings are meanwhile growing within his own party over where the Foreign Minister may be heading.

Visiting Israel at this delicate moment, Mr. Tindemans was, not surprisingly, given little more than a polite hearing by his Israeli hosts, none of whom see a significant role for the European Community in the coming months.

World Bank suspends funds for Zambia

By Victor Mallet in Lusaka

THE World Bank has suspended disbursement of new funds for Zambia because of arrears on previous loans, pushing the country deeper into crisis following President Kenneth Kaunda's decision to break with the International Monetary Fund (IMF), diplomats in the capital Lusaka said yesterday.

They said the World Bank, apparently owed more than \$200m in arrears by Zambia, had decided to freeze new commitments but would continue to fund existing projects for which money had already been pledged. It is usual for a developing country to default on payments to the World Bank, an important source of aid on concessional terms.

In Zambia the Bank has some \$500m in loans to support economic reform as a whole and a variety of projects in industry, agriculture and other sectors. Like the Fund—to which Zambia owes some \$250m in arrears—the Bank does not allow the repayment of its loans to be rescheduled.

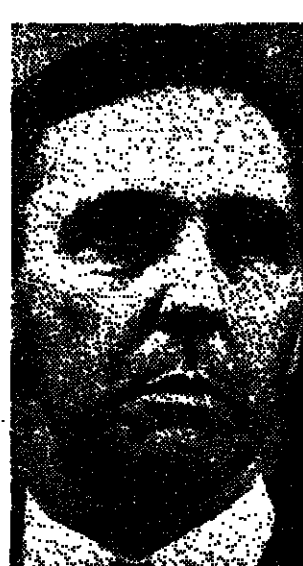
Dr Kaunda announced 10 days ago that Zambia was abandoning its IMF-sponsored economic austerity programme,

LIKE A practised football team besieged by conflicting advice from policy spectators, Australia's Labor Government has been receiving endless recommendations from vocal interest groups volunteering their opinions on economic policy. The focus for their counsel is tomorrow's long-awaited "expenditure statement"—the third urgent mini-budget in five years which Mr. Paul Keating, Labor's aggressive Treasurer, has found it necessary to deliver.

For three months Mr. Keating has pressed a "razor gang" of ministers into departmental spending cuts and other savings designed to bring an overshooting budget deficit back into line.

Over recent days opposition leaders, state governments, business groups, farmers representatives, banks, university economists, welfare groups, even ordinary members of the public have all sought to sway the government's thinking. It is as though the statement were a full-blown budget. In fact, it is the first but most important step of a three-part strategy aimed at keeping the economy on a path of structural adjustment.

The second will come on May 25, at a crucial meeting of Australia's state premiers. They are likely to be pushed by the federal government to accept reduced funding and borrowing limits.



Keating: knife to defence.

The third and final step is the budget itself, which is due in August, a few weeks into the financial year starting on July 1. Only then are revenue and budget deficit projections for 1987-88 likely to look firm.

The Labor Government's overall aim is to resolve problems thrown up by a persistent decline in Australia's terms of trade—over-dependence on agricultural commodities and minerals, a giddily high current

account deficit, swollen foreign debt and a weak currency.

The country is now experiencing high interest rates and inflation an over-large public sector, low domestic savings, weak investment and poor productivity.

To its credit, the government has not flinched from fundamental reform since winning power in March 1983. It has floated the currency, deregulated the financial sector, implemented radical tax reforms and sought cuts in industry's protective barriers.

But much remains untackled, especially on the labour front. The Government, with its consensus politics and both eyes on the election due by April next year, has determinedly avoided a plunge into recession and high unemployment, although the rural sector is suffering badly and business bankruptcies are rising.

The financial markets, while calm ahead of tomorrow's statement, are seeking genuinely tough measures from Mr. Keating. With memories of last August's budget in mind, when the currency suffered a major setback, he may want to oblige them more than the voters.

Mr. Keating's immediate target is the budget deficit. The 1986-87 deficit is overshooting last August's forecast of \$3.5bn by some \$560m. In the absence of any policy changes, the 1987-88 deficit figure will be \$560m.

AS6.5bn. To bring this figure back to the same sort of proportion of gross domestic product as last year's targeted level, would entail cuts of some \$330m. But many analysts are looking for more.

The Confederation of Australian Industry, the Australian Chamber of Commerce and two major banks, Westpac and ANZ bank, for example, have each recommended a budget deficit of \$320m-\$2.5bn, or cuts of up to \$44bn.

Leaks from the government indicate Mr. Keating's main target for spending cuts has been defence, which has hitherto escaped the knife. A means test to curb family allowances to the better-off also seems possible.

Other controversial targets include pensions, which are currently indexed, medical bills, which are partly rebateable, and funding for higher education. But Labor's left wing remains quiet, so these may escape savings.

The two most interesting, however, are cuts in funding to the state governments, and a sale of government assets. Both are politically sensitive. The first would break Labor's promise to maintain a 2 per cent real increase in states' grants, the second its traditional commitment to public ownership.

Yet both seem likely. Spending by the states from reserves built up in previous years has kept the net public sector borrowing requirement at too high a level, undermining Labor's strategy. Its response will emerge at the premier's meeting, if not tomorrow.

Possible assets for sale include dockyards, government factories, airport terminals and the Tokyo embassy. Better known entities like Australian Airlines are also being discussed.

With all this, expectations are running high—so high that Mr. Bob Hawke, the Prime Minister, was forced to issue a warning last week.

"Those who would set impossible targets for this, or for any government," he said, "must be able to answer this question, how should we balance our economic responsibilities with our responsibility for the poor and disadvantaged?"

The answer may only come when the true revenue position is known. For amid all the bluster about cuts, it has emerged that the new fringe benefits and capital gains taxes are yielding more than was ever forecast.

The noisy football spectators may therefore have to hold their breath until a result emerges after extra time, in August.

Australians bank at tax changes, Page 35

Egypt floats pound

By Our Cairo Correspondent

EGYPT yesterday announced a partial flotation of the pound in line with the package of reforms under the draft agreement with the International Monetary Fund (IMF) which will pave the way for a \$300m standby credit and a rescheduling of \$12bn of its debts.

Banks will be allowed to fix rates for hard currencies to curb speculation. Mr. Yousef Mustafa, Minister for the Economy, announced that the rate would be set daily, without interference from the Government, by a committee representing eight banks.

It fixed an immediate rate of E£2.165/2.170 to the dollar, compared with the recent rate of E£2.15 on the official market.

Mr. Mohammed Salahuddin Hamid, Governor of the Central Bank, said that the measures were aimed at "attracting foreign exchange into the banking sector by setting a realistic foreign exchange rate."

Remittances from abroad, tourism receipts and private sector activities will be most immediately affected by the new "free market" rate which will involve a depreciation of the pound from the present official rate of E£2.35.

A particular aim is to channel into the official banking system savings sent home by Egyptian workers abroad amounting to about \$2.5bn last year. Altogether the "grey market" is believed to handle \$3 to 4bn a year.

The measure is seen as a significant move towards reforming Egypt's multiple exchange rate system in line with a commitment to achieve currency unification within 18 months as required by the IMF.

The new rate will be used also for tourism revenue and commercial bank foreign exchange transactions as well as to finance 40 per cent of imports, mainly non-essential goods.

Public sector companies, which in the past have had to convert their hard currency from exports at the official rate, will be allowed to change a larger proportion of their proceeds at the new floating rate, according to Western economists in Cairo.

S African homelands unrest

A WAVE of unrest and political instability has erupted in several of South Africa's black homelands, Anthony Robinson reports from Johannesburg.

In Transkei, Paramount Chief Kaiser Matanzima was yesterday banished from the capital, Umtata, by his brother the Prime Minister, amid mutual accusations of corruption and abuse of power. The latest power struggle comes five weeks after the expulsion of white Rhodesian ex-Security agents who were training the Transkei Defence Force and were also involved in two unsuccessful military raids against neighbouring Ciskei. Meanwhile, in KwaZulu, 100 km north of Pretoria, petrol bombs have been thrown at the homes of chiefs and former ministers who are opposing last week's decision by a purged legislative assembly to seek "independence" for the impoverished homeland.

Korea politician spurns summons

Mr. Kim Young Sam, the Korean opposition leader under investigation for allegedly defaming the state, said yesterday that he would refuse to answer any summons issued by state prosecutors. Maggie Ford reports from Seoul.

The prosecution department announced yesterday that it was also considering charging other members of Mr. Kim's party including those who prepared the party manifesto and helped write Mr. Kim's inauguration speech.

In the speech Mr. Kim compared next year's Seoul Olympics with the Games held in Berlin under the Nazi regime.

US ships in Gulf

Mr. Richard Murphy, US Assistant Secretary of State, said yesterday that the US would do what was needed to secure free navigation for US ships in the Gulf, AP reports from Baghdad.

Filipinos vote in 'peaceful' election for legislators

BY RICHARD GOURLAY IN MANILA

FILIPINOS turned out in large numbers yesterday to vote for the first truly independent legislature in 15 years. There were only isolated instances of violence reported and few early signs of cheating. President Corason Aquino's press spokesman said it was "the most peaceful election in the post-war period in the Philippines."

The complicated voting system means a reliable trend will only appear today and sure results are only likely two days later. In the only early indications of a trend, absentee military personnel who voted last weekend heavily favoured opposition senatorial candidates led by Mr. Juan Ponce Enrile, the former defence minister.

Elements of the military have staged at least three unsuccessful coup attempts since Mrs. Aquino took power in February 1986. Three months ago the military as a whole nearly rejected a new constitution on which Mrs. Aquino had staked her credibility whereas the rest of the country approved it with a resounding majority.

There was only isolated violence. The military reported at least seven people killed in

polling day violence, low by Philippine election standards. In Davao a booby trap in a ballot box exploded, injuring two people and elsewhere in Mindanao island Communist-led rebels burned a school house that was being used as a polling station. In the Moslem dominated island of Tawi-Tawi, the Commission on Elections postponed the poll in one notoriously violent area. Moslem separatists failed to agree a formula for regional autonomy with the government last week and threatened to resume a 14-year secessionist war.

Elsewhere, the Comelec reported that more than 80 per cent of the country's 28.5m voters turned out to elect 24 senators and 200 lower house representatives to the American-style bicameral legislature.

In Manila cockpits, meat and vegetable markets and school rooms were turned into makeshift polling booths where many Filipinos voted around after they had voted soaking in the carnival atmosphere.

"I am very proud. It is the first clear and honest election in 15 years," Mr. Alroy Yanzon said in one Manila suburb.

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Evolving from its origins as a sewing machine maker, Brother Industries Ltd. now produces a broad range of products, from consumer goods to office equipment and machine tools. Its commitment to quality is constantly reinforced in the company's manufacturing activities and lies behind the group's success.

Now, with over 1,000 local employees in Europe, the company's products are synonymous with quality. Senior Managing Director Masami Hanazono discussed the company's operations in some detail.

By Brian Robins

Management Innovation

Boosting domestic sales to cut export ratio

Robins: What effect is the currency revaluation having in forcing the company to restructure its operations?

Hanazono: As our export ratio is very high we have no simple measure to counter the effect of the yen, so we are having a very difficult time. At present, our export ratio is running at 60 per cent. Our original policy was to hold the export ratio at 50 per cent, but with the development of LSP's in the early 1980's our export ratio rose to 60 per cent. Rather than reduce our overall export ratio we want to expand our domestic sales. Since there is pressure from other countries for Japan to expand the domestic market we feel that this should form part of our plans.

Robins: Is increasing overseas production one option presently under study?

Hanazono: We have no specific plans to expand overseas production, nor do we want to cause any inconvenience to our customers overseas due to supply difficulties, which could involve a loss of sale to competitors. So, to an extent, we have little choice but to maintain offshore production.

Robins: What is the driving force behind your offshore production?

Hanazono: There are two answers. As far as our production in Asia, Taiwan or South Korea is concerned, the aim is to decrease costs. With the plant in the UK, for example, we hope to counter the effect of the high yen, and also to improve supplies of our products to our sizeable number of customers there.

Robins: What is the percentage of overseas production to domestic production?

Hanazono: Of our worldwide production, 10 per cent is located overseas and 90 per cent is in Japan. Of that 90 per cent, 60 per cent is exported. With our exports, around 50 per cent go to the US and 30 per cent to Europe and 20 per cent elsewhere. As far as our exports to Europe are concerned, to cope with trade friction we have shifted the production of typewriters and microwave ovens from Japan to Europe.

Robins: How do you intend overcoming much of the chronic trade friction, as well as improving relations with competitors?

Hanazono: We intend to co-exist with our competitors abroad, and want a give and take relationship in terms of parts supply and using each others sales networks. One specific example is our typewriter plant in Wales. Before constructing the plant we carried out a great deal of research on local

parts supply and co-operation with our competitors in that area. We reached the conclusion that if we established a plant with enough local parts and supplies, and increased the local parts ratio, we could create a truly local, English plant. We encourage our employees to make the plant a truly British one.

At the functions we hold when our personnel are transferred overseas, I make the same speech: don't think that the plant you are going to is a Japanese plant, but rather it is a local plant—British, or American, and so on. Our basic policy with our overseas operations is to procure every resource—personnel, materials and financing locally, so as to avoid friction with our local competitors.

Robins: Can you give an example of specific co-operation with competitors?

Hanazono: We always try to be a fair competitor. One specific example is the tie-up we have with Xerox Corp. in the US to produce some Brother Industries products and sell them through their network.

Robins: In the light of the increase in the number of dumping claims made by competitors, do you think that it is now a reflexive claim made by competitors?

Hanazono: I believe dumping claims come from local competitors threatened by Japanese exports, fearing that Japanese competitors will expand at the expense of the local competitors.

Technical transfer used to boost local parts supply

Robins: In the UK, what proportion of parts are sourced locally, and are there any quality problems?

Hanazono: We source more than 40 per cent of our parts locally. We have had some difficulties locating suppliers who meet our quality levels, but we are encouraging them to do so. This is true of both the US and Europe. With a final product like typewriters, they are usually produced in plants that don't use independent suppliers, with all components made internally. As a result, since there are no suppliers solely making typewriter parts, so we are forced to locate local suppliers that have never supplied this industry and explain our needs and specifications to them. But it takes time. We are trying to carry out technical transfer, rather than produce all parts in our plants, so that local suppliers can participate. By using local suppliers, they can benefit from our production.

In the UK, we hope to boost the level of local parts supply to over the 50 per cent level in a year, and above



Mr. Masami Hanazono, Senior Managing Director, Brother Industries Ltd.

60 per cent in a few years. As typewriters are now the target of anti-dumping action in the EC, a local supply ratio of 45.5 per cent is likely to be set. We feel confident of meeting this level although to exceed that to a substantial extent will take some time.

Although we started manufacturing typewriters overseas only recently, we had manufacturing plants for sewing machines and sales agencies overseas from 20 to 30 years ago which are totally integrated with the local communities, so we hope that our plants will also be localised to the same extent.

Robins: What is the main emphasis of research and development?

Hanazono: Primarily, communications and information processing, including business machines. We see the greatest potential in information application and we will continue to develop consumer products, which has been the main base of the company. As part of our R & D work we are focussing on developing products for

the Japanese market, to boost domestic sales, by developing home use consumer products. In so doing, we hope to reduce our export ratio to 50 per cent.

Seeking to increase consumer products sales

Robins: With the ongoing successes in the office automation and information systems area, this now forms the main part of the company's activities.

Hanazono: Although sales of business machines now comprise 40 per cent of the total, we still prefer a diversified company so we are stressing not only business machines but also industrial and consumer sewing machines as an equal contribution to revenue. There is scope for growth of industrial sewing machines, although it could be more difficult with consumer machines. There is also room for

the further development of machine tools. With the growth in purchases of flexible manufacturing systems, there is scope for additional growth here as well. Sales of both industrial machinery and industrial sewing machines have been expanding.

US action to limit machine tool imports may limit the immediate growth potential for conventional machine tools, but since our machines have special application there is still growth potential. To counter the strong yen, we have had to increase prices which is putting a brake on this division's earnings. This year we established a new research facility which, along with carrying out basic research, is seeking to more closely study life style needs, so that we can produce products more suitable to consumer needs. As part of this overall upgrading, we have hired a large number of new engineers, and have broadened the scope of our research work considerably.

L.A. Olympics success to be repeated in Seoul

Robins: Your decision to sponsor the Los Angeles Olympics was a considerable success. Are you hoping for a similar spin-off from the forthcoming Olympics in South Korea and Canada?

Hanazono: As far as the LA Olympic Games are concerned, it was a very effective means of letting the public know of Brother Industries' typewriter products. With the Seoul games, we do not expect to have the same impact, since the Korean market is much smaller. This is true of all sporting events, although we want the public to know that Brother Industries supports these events. Even though we are facing difficulties with our exports and also in covering our expenses, we still want to be involved with these types of events.

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AMERICAN NEWS

Shultz rejects conventional forces linkage

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR GEORGE SHULTZ, the US Secretary of State, yesterday rejected suggestions that Washington should link a deal on medium range missiles in Europe with an accord on a reduction in Soviet conventional forces.

In an article in Time magazine, appearing on the day in which he was meeting Mr Hans Dietrich Genscher, the West German Foreign Minister, Mr Shultz said: "To add a new demand now that an Intermediate Nuclear Force (INF) agreement be linked to conventional force reductions which will undoubtedly take many years to negotiate would be tantamount to introducing a 'killer amendment'."

Last month former President Richard Nixon and Dr Henry Kissinger, who served as his Secretary of State, criticised the INF deal which the Administration is moving towards and amongst other things called for an agreement to be linked to conventional force cuts.

The mounting criticism from Republican foreign policy experts of the INF accord is a worrying phenomenon to the Reagan Administration which is concerned that it could begin to erode support for an agreement on Capitol Hill.

Mr Casper Weinberger, the US Defence Secretary, will try to convince NATO allies in Norway this week that global elimination of Soviet SS-20 missiles should be the medium range nuclear rockets, rather than a superpower treaty on medium range nuclear rockets, as the US official said.

"There may be a difference of opinion on how important it (the dismantling of all three-warhead, 3,000-mile-range SS-20s) is. That is one of the things I think we are going to be exploring in some detail," a US official said.

"I can tell you that we (the Americans) don't want any SS-20s left in the Soviet Union because it would be a coupling problem, even if they are not targeted on Western Europe," another official said.

Mr Weinberger flies to Oslo today and Stavanger on tomorrow for a regular Western defence ministers' Nuclear Planning Group (NPG) meeting, which will focus on US-Soviet negotiations on INF.

It is another in a series of meetings between the US and its allies which Washington hopes will lead to a consensus on which and how many missiles should be removed from Europe and the Soviet Union under an INF agreement.

Sarney to sue over railway allegations

PRESIDENT José Sarney of Brazil is to sue a businessman who alleged that the head of state would benefit personally from a big Brazilian railway project, according to Mr José Tavares, the Transport Minister, Reuter reports from São Paulo.

The minister strongly defended the plan for a 1,570 km rail link between Brasília, the federal capital, and the northern state of Maranhão, the president's home state.

Critics of the \$2.4bn (£1.45bn) scheme argue that it would not be economically viable, and allege it would benefit business friends of Mr Sarney.

Mr Tavares said Mr Sarney was to sue over allegations by Mr Ariston da Riva, a businessman, that the railway would pass through land he owns in Maranhão.

US 'considering' base on Moon

THE US is considering a manned Moon base to assert its leadership in space, Aviation Week and Space Technology Magazine reported yesterday.

The Moon base is gaining support as an option that would be quicker to achieve than a major exploration of Mars and would help prove the technology to make such a mission possible, the magazine said.

It quoted Nasa administrator Mr James Fletcher as saying: "I think the right way to go to Mars is by way of the Moon."

The magazine said that Nasa would this week begin issuing contracts to aerospace firms to provide studies of a lunar base.

It said Mr Fletcher and other senior space officials had been briefed on a Moon-base plan that would return US astronauts to the Moon as early as the year 2000.

The cost of a permanently manned base by 2005-2010 is estimated at \$60bn spread over 20 years, the same cost, as measured in current dollars, as the Apollo programme that landed a man on the Moon in 1969, the magazine said.

Mary Helen Spooner in Santiago on a document reflecting the ambitions of government officials Chilean opposition faces test of strength

CHILE's Planning Ministry recently presented General Augusto Pinochet with a document containing policy recommendations for the Government's social and economic programmes over the next decade. The Chilean leader's presidency is due to expire in March 1989 when a military-designated candidate - who could be General Pinochet - will run in a one-man plebiscite for another eight-year term.

The Planning Ministry document's ambitious projections suggested that Chilean officials assume the regime will extend well beyond 1989, almost to the end of the century.

The incident may have confirmed the worst suspicions of the Pinochet regime's critics, but it is far from clear that Chilean opposition groups will be able to successfully challenge such a plan.

Earlier this year, a group of 14 Chilean public figures, including a prominent novelist and a range of political leaders, announced a campaign for free elections in 1989. The initiative began last year but was temporarily waylaid by inter-party disputes and the downturn in public activity during the summer.

The movement's supporters privately admit that the campaign has taken a long time to get off the ground but maintain that it is the most promising initiative so far for resolving Chile's political crisis.

The campaign has a national appeal going far beyond the political

parties, but supported by the parties, said Mr Edgardo Boeninger, a Christian Democrat and director of the Centre for Development Studies, a Santiago research institution. He noted that an earlier proposal for a democratic transition - the Catholic Church-sponsored national accord - lost impetus as the political groups backing the plan vied for influence.

"What sterilised the national accord was the attempt to make it into a political coalition, which it never was," he said. "The opposition parties tried to push those who were closer to the Government into open opposition, and those further to the right tried to make those in the centre and on the left as if they were not part of the opposition." To date, the political parties backing the free elections movement have behaved more responsibly, he said. But he cautioned that the next few months would be crucial in determining the campaign's success.

Chilean authorities claim to have undertaken a number of reforms designed to move the country closer to democracy. Earlier this year the regime passed a law authorising, and severely regulating the country's political parties which had operated in a legal vacuum since 1973.

Two daily newspapers, both with clearly anti-Government editorial positions, have been allowed to publish and a third newspaper is seeking official permission to circulate.

A document from the Chilean Planning Minister has confirmed the worst suspicions of the critics of General Pinochet (right), but it is not clear that the opposition will be able successfully to challenge the plan



way to give him a plurality of votes. Mr Alberto Cardmil, Chile's Vice Minister of the Interior recently said the period from 1988-97 would be one of "consolidating the institutional" of the regime, with the armed forces continuing to play a major role in government and with considerable power to deal with suspected terrorists. But disputes have broken out even among General Pinochet's most ardent supporters.

The Avanza Nacional is a small pro-Pinochet political group which has been a front organisation for the CNL, Chile's widely feared secret police. Last month the Avanza Nacional formally announced itself as a political party, and distributed a music cassette which included a song entitled "Take the hard line, Pinochet".

A few days later, however, the group announced it was taking disciplinary action against one of its leaders, Mr Eduardo Riosco, for speaking too frankly to a Chilean magazine.

In the interview Mr Riosco praised Chile's defunct National Socialist Party, described Germany's Third Reich as "a truly incredible party", and said the country's inhabitants were completely uninterested in political participation. He also said the Avanza Nacional viewed itself as part of the regime.

"We consider ourselves the Government. We are not in power, we are the power," he said.

Reported crime in US increases by 6%

BY NANCY DUNNE IN WASHINGTON

THE NUMBER of reported crimes in the US rose by 6 per cent last year - the biggest increase in seven years - as the number of convicted criminals serving time in institutions reached a record, according to two new reports.

The Federal Bureau of Investigation found crime in 1986 rising most rapidly in cities and the southern states. Violent crime rose 12 per cent while the number of property crimes reported to the police went up 6 per cent.

Part of the increase was due to greater reporting of crimes,

the report said. It estimates, even so, that only 37 per cent of all crimes and 50 per cent of all violent crimes were reported to police last year.

The public view that courts have been too soft on criminals has led to longer prison sentences and more convicted law-breakers.

According to the second report, by the Justice Department, the prison population rose 8.6 per cent in 1986.

Since 1980, the US prison population has increased by about 68 per cent

Cuba set to hold talks on debt

BY MARGARITA ZIMMERMAN IN HAVANA

TALKS between the Paris Club of government creditors and Cuba, on rescheduling the 1987 maturities in Cuba's \$1.5bn (£1.15bn) hard-currency debt, are to be held here from May 26 to 29.

The sum involved is believed to be about \$120m, although no figure has been publicly given in Havana.

The most recent report of the Cuban central bank, dated December but not distributed to creditor country diplomats until March, stressed that negative factors present in 1986 persist. These obliged Cuba to declare a 90-day suspension of interest payments.

The report said Cuba would be unable to fulfil its foreign obligations without an adequate

inflow of resources, preferably new liquid facilities.

Cuba's hard-currency debt stands at \$4.7bn, but this somewhat arbitrary figure is based on a rate of \$1.13 to the peso. The debt, however, has been contracted in non-dollar currencies, especially the D-mark, which have been appreciating against the dollar.

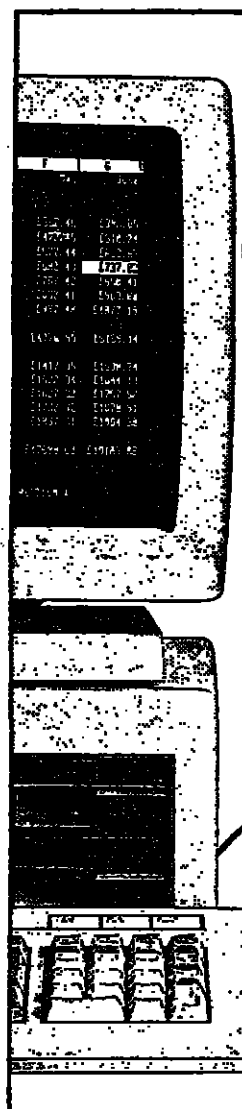
A decline in government-to-government credits has been partially offset by an increase in supplier credits, up from \$376m to \$1.019bn in the year to September 1986. Negotiations for such credits have been on a company-to-company basis. Mr Ricardo Cabrisas, Foreign Trade Minister, recently announced that negotiations have been going on with Japanese suppliers and he

expected Japanese imports to be similar to the 1986 level - \$300m.

According to President Fidel Castro, hard currency imports this year are being cut to the peso equivalent of 600-650m.

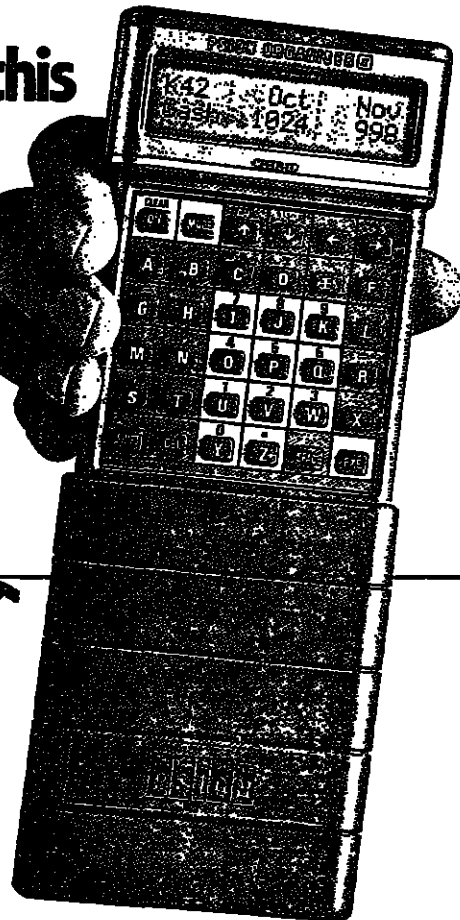
Performance this year has been poor in key export, and import substitution, sectors. The sole exception has been tourism, with earnings slightly above projections. Last year, tourism brought in about \$100m.

Last month, General Castro revealed that the vital sugar harvest was 800,000 tons behind schedule due to unseasonal rainfall. In 1986, sugar production was only 7.4m tons, largely due to adverse weather, against 8.1m tons in 1985.



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6.64	£500+	5.00	6.85
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WORLD TRADE NEWS

BAe places order to tempt India

BY JOHN ELLIOTT IN NEW DELHI

BRITISH AEROSPACE is placing a contract with Hindustan Aeronautics, India's government-owned aircraft manufacturer, in the hope the move will improve the chances of its ATP airliner winning an Indian order worth \$300m. The ATP group is to make 150 all planes for the ATP in a deal worth \$5.5m.

BAe is one of several international aircraft manufacturers which have offered countertrade and other offset provisions covering up to the entire foreign exchange cost involved. The proposed order is for between 12 and 17 aircraft, with 40 to 65 seats, to be delivered over the next three years to Vayudoot, India's rapidly expanding third airline.

It is likely to lead on to further orders. BAe is offering its 64-seat ATP turbo prop, with arrangements for countertrade and for some payments to be made in rupees. This is in addition to the offset provided by the tail-plane contract, which is to be signed in New Delhi on Thursday, and would be expanded to include other components if the UK won the Vayudoot order.

A broad memorandum of understanding is to be offered later to Hindustan Aeronautics (HAL) by BAe to cover this component manufacturing. Similar orders for rudders and flaps are being placed in China and Greece, which BAe also hopes will buy its aircraft.

In addition to the ATP, other aircraft being offered include the Saab-340 from Sweden, de Havilland's dash 8 from Canada, the F-80 from Fokker of Holland, the French-Italian ATR-42, plus aircraft from a Spanish-Indonesian consortium and Brazil.

The BAE offer was discussed in New Delhi yesterday at a meeting between Government representatives and Mr Michael Spicer, the British Aviation Minister.

The UK is also bidding for a contract worth about \$45m to modernise air traffic control and air navigation systems at New Delhi and Bombay airports. The bid has been submitted by the UK Airports Group, comprising IAL, Cosnar, Kacal, and Marconi, and is backed by more than \$15m of aid in the form of grants.

Any investment is sure to face formidable obstacles in the largely unexplored jungle region the size of Spain where crocodiles are said to outnumber the 1.5m natives.

Added to this is the simmering separatist movement with native tribesmen calling for the defence of land rights.

EC repeats warning on Japanese tariffs

By Ian Rodger in Tokyo

THE EUROPEAN COMMISSION reiterated yesterday that it is considering the use of tariffs and volume restraints to prevent the diversion of Japanese electronic products from the US.

The EC has been concerned about the possible impact in Europe of the US imposition of 100 per cent tariffs last month on selected Japanese electronic goods. The tariffs were in retaliation for Japan's alleged failure to respect last year's bilateral semiconductor agreement.

The EC fears Japanese manufacturers will intensify sales efforts in Europe as a result of the tariffs and has warned the Japanese Government that steps would be taken to prevent diversion.

Mr Hugh Richardson, deputy head of the EC mission in Tokyo, told a press conference the EC had already put into force a regulation requiring importers of these products to seek authorisation for imports. This enabled the commission to monitor them daily.

If any surge took place, the commission would act to restrain them, either through the application of tariffs at the same level as those applied in the US or through volume restraints.

He said both these actions would be in line with the General Agreement on Tariffs and Trade provisions.

Mr Richardson was speaking on the EC's "Annual stocktaking" of its relations with Japan. He said the widening trade imbalance between the two was worrying. "Something must be done to increase imports from the EC to Japan, or the situation was going to get out of hand."

The 3.6 per cent increase in the yen value of EC imports to Japan in the first quarter was good news, he said, but it was overwhelmed by the 10.9 per cent rise in Japan's exports, made from a much larger base.

Japan's trade surplus with the EC in 1986 was ¥2,825bn (£12.25bn) and, if the trends of the first quarter continue, it would rise to ¥3,188bn this year.

China becomes choosy about foreign investment projects

Robert Thomson assesses the effects of Peking's political turbulence on potential investors

THE DOORMAN for China's "open door" policy, Gu Mu, a pious but powerful state councillor, attributes foreign investors' fears about political instability to "a lack of understanding" and "our different way of thinking."

Despite Gu's affection for a theory of "Chineseness" that sets the race apart from all others, including investors, from whichever direction China's political turbulence is approached, the foreign investment scenario is not encouraging.

Gu himself admitted, and seemed to be proud of the admission, that investment this year would be lucky to equal that of last year, when contracted foreign investment fell 47 per cent to \$3.1bn, the first fall since China opened the door in late 1978.

China-watchers, foreign business people resident here have been looking for signs that the dismissal in mid-January of the Communist Party general secretary, Hu Yaobang, and the subsequent removal of several ministers, have affected Peking's attitude toward investment.

Since Hu's fall, Chinese leaders ranging from the acting party chief Zhao Ziyang, to senior conservatives such as Bo Yibo, have emphasised the importance of the "open door" and foreign companies have been told that China wants and needs their help.

The cost to investment of the political turmoil is as difficult to quantify as confidence that the foreign perspective, there is the threat of ongoing instability and the fear of sudden policy changes that could leave long-term joint venture partners bewildered.

From the Chinese side, this is not a period in which gun-bo Chinese entrepreneurs should stand out from the masses.

Instead, the present is a time for caution by Chinese enterprises, which must be careful that the Communist Party is exerting more control over the country and must be hesitant for fear that any ambitious joint venture plan could be criticised by a party emphasising 1980s values such as thrift and struggle.

Yet the side-effects of the political problems are by no

means fatal and are still a secondary consideration to the practical problems of doing business in China. Contracts are still being signed. Last week, an Electronic Data Systems Corporation joint venture for a computer centre was finalised and an Australian venture to co-produce plastic piping has just been agreed, although it took two years of negotiations.

A Western diplomat said that foreign companies "do not really understand what is going on here." The diplomat suggested that "as long as there is money, the companies will come" and "most don't know what a party general secretary is."

However, a British banker expects the year to be lacklustre. "There is not going to be a dramatic change either way this year in investment," an Australian banker said. "Negotiations seem to be longer and more difficult; they

are still short of money. They may disguise it, but they are looking for compensation trade and the logistics of putting a project together is extraordinarily difficult."

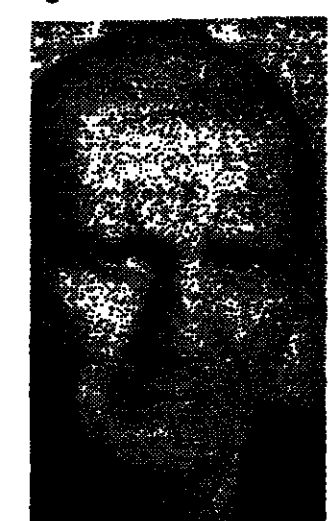
From conversations with many company representatives, it is clear that almost all believe the biggest problem in China is not politics but China's chronic shortage of foreign exchange. Few companies believe that a 22-point investment encouragement package unveiled last October by the Government has had much effect on the investment climate.

The package included ceilings on often extortionate staff salaries and limits on arbitrary charges introduced by local governments, as well as longer tax holidays for joint ventures exporting at least 70 per cent of output or that involve the transfer of high technology.

Mr Malcolm Baldridge, the US Secretary of Commerce, said in Peking last week that the package had addressed but not solved many of the problems raised by foreign investors. He pointed out that the Chinese Government has made a special effort for high-profile projects such as the American Motors Corporation jeep plant in Peking which was hailed out last year, yet ordinary projects are left to languish.

China remains frustrated by the reluctance of Japanese companies to invest here and the Japanese are now noticeably more cautious than other countries in assessing China's investment worth. Western diplomats suggest that reports that Hu Yaobang was criticised for his close relationship with Japan are partly responsible for the present caution, as is a growing chill in relations between the two countries.

Investment by Hong Kong companies is still by far the largest, running at about 55 per cent of the total, while Japan, China's largest trading partner, and the US are responsible for about 13 per cent each. Meanwhile, China's choosiness about project types—new hotels are now frowned upon, for example—is likely to result in a fall this year in service industry projects, which have comprised just over half of total investment.



Baldridge: critical of Chinese investment encouragement package.

Scott Paper considers \$600m investment in Indonesia

BY JOHN MURRAY-BROWN IN JAKARTA

SCOTT PAPER Company, one of the largest paper manufacturers in the US, is considering investing \$600m (£363m) in a plantation and pulp facility in Irian Jaya province in the far east of Indonesia.

It would be one of the biggest projects outside the oil and gas sectors and would provide the Government with a welcome boost after foreign investment

fell to \$826m last year from a high of \$2.5bn in 1983. Indonesian officials confirmed yesterday that "serious discussions" had taken place, but Scott said talks had touched only on "resource utilisation" and any estimates of the project's worth had no substance.

Scott is also reported to be looking at other sites in South East Asia.

Industry officials in Jakarta say Scott is considering a 200,000 hectare estate investment, growing eucalyptus to be processed for paper and tissue manufacture. The likely partner in the venture is P. T. Asstra, a Chinese-owned private industrial conglomerate with interests in car assembly and agribusiness in Sumatra.

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ONLY THE ORIGINAL VOUCHER ACCEPTED

US and Australia facing 'crisis' over aviation rights

BY CHRIS SHERWELL IN SYDNEY

A ROW between Australia and the US over aviation rights has resulted in Canberra renouncing a capacity agreement and Washington speaking of a crisis and hinting at retaliation.

The breakdown came at negotiations between the two governments last week, the fourth round in a year. The two now enter a limbo period, with uncertainty hanging over future capacity controls, which could threaten tourist arrivals.

The affair also complicates the strained economic ties between the two, which enjoy a close defence and security relationship. Australia has been angered especially by Washington's subsidised grain sales, most recently to the Soviet Union.

At issue now is the operation of a memorandum of understanding on capacity between the two countries.

Australia has given six months' notice terminating the memorandum. Washington says Canberra has "created a crisis in US-Australia aviation relations" and hinted at action over

further Qantas flights.

The dispute escalated yesterday when Mr Peter Morris, Aviation Minister, said the US was trying to intimidate Australia.

Qantas, the state-controlled Australian airline, now has 19 flights a week to the US, with a 20th due to start next month. Continental and United, the two US airlines, have 28.

Under the memorandum, either side can request capacity increases. If there is an objection, the extra flights can be tried for six months.

For several years Australia has felt the memorandum is biased in favour of the US, but was licensed recently by Continental's request to increase services and its plans to replace half of its DC-10 flights with 747 jumbos.

The US, pointing to the sharp rise in US tourists to Australia, argued that the airlines were prepared to take the risk of empty seats.

But Canberra said this was a classic case of attempted dumping

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Mr Spork told congressmen recently that Sematech represented a response to the Japanese challenge, a recognition that, in order to remain competitive internationally, we need to achieve a far higher degree of co-operation among ourselves.

Sematech will require Government support, Mr Spork says. He estimates the cost of the project at approximately \$200m in its first year of operations and \$300m a year for the following five years.

"These requirements are beyond the ability of any company or group of companies in this industry to satisfy. Sematech is asking for the US Government to invest in the project with industry on a 50-50 basis, matching industry funds with government money."

US Government participation in Sematech is an investment and should be distinguished from a subsidy or a bail-out.

Sematech has won significant support in Congress and the Government, where it is seen as a solution to two pressing issues—the Japanese challenge to US high-technology superiority and the increasing dependence of the US military on foreign chip suppliers.



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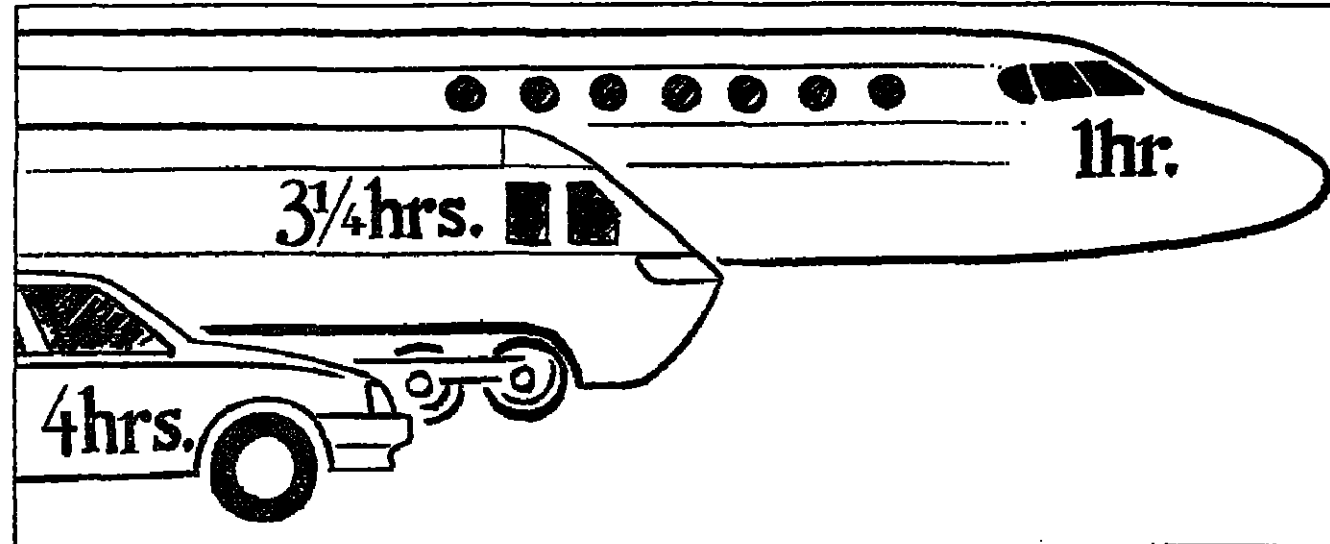
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APPOINTMENTS

Chairman of Rentokil

Mr David Newbigging has become non-executive chairman of RENTOKIL GROUP, on the retirement of Mr W. H. Westphal. A former chairman of Jardine Matheson & Co, Mr Newbigging is deputy chairman of the Provincial Insurance Group, a director of the National Coal Board, and is an adviser to British Telecom and other organisations concerned with international business and investment.

GRESHAM HOUSE has appointed Mr John N. M. McLean as finance director. He was group financial controller.

Mr Peter Green has retired as chairman of EVANS HALSHAW HOLDINGS but remains a non-executive director. He is succeeded by Mr Geoffrey Dale, who remains joint managing director with Mr Anthony Archer.

Mr Warwick Newbury has been appointed deputy head of financial services division at COUITS & CO. He was the bank's insurance sector manager and had special responsibility for the Lloyd's market.

Mr W. J. McMichael-Phillips has become president of the DAIRY TRADE FEDERATION for two years. He is group general manager, milk group, of the Co-operative Wholesale Society.

Mr R. E. Roper-Lee and Mr R. J. W. Tiley have been appointed directors of SEDGWICK.

ASSOCIATED TUNNELING, a subsidiary of A. Monk and Co, a member of the Davy Group, has made the following executive management changes. Mr S. G. Draper has retired. Mr M. C. Clarke has been appointed managing director. He has been a director since April 1 1983. Mr M. E. Couchman remains chairman and other directors are Mr J. A. Sanson, Mr C. A. Tibbles and Mr G. W. Tuffs.

Mr Colin Heald has been appointed to the board of AMSTRAD as group manufacturing director. He joins from Avnet International (Taiwan), where he was general manager. He will be responsible for Amstrad's manufacturing plants at Sharnbrook, Essex and Hong Kong, together with all manufacturing activities undertaken for the group.

ALLIED DUNBAR has appointed Mr Raymond Stokes to the new post of director of European international equity investment in the investment division's equity department. He was European investment manager with the Murray Robinson investment management group.

Eagle Star Group posts

Following the reorganisation of the EAGLE STAR GROUP into five operating divisions, the executives of the new Life and Investment Management Services (UK) division will be as follows: Mr R. E. Brimblecombe, chief executive; and as divisional directors Mr N. R. Crompton, management services; Mr J. G. Dennis, sales and marketing; Mr E. F. Hubbard, pensions and operations; and Mr A. J. Russell, actuarial and finance.

Mr Edwin Davies and Mr John Stokes have been appointed to the NPC PROPERTY board as development directors. Mr Davies, who will take up his appointment on June 1, has been development director of Laing Properties. Mr John Stokes senior development manager of NPC Properties. The NPC Property Group is part of the employee-owned National Freight Consortium.

Mr David J. Berkeley and Mr Michael J. C. Watts have been appointed to the board of BROWN, SHIPLEY and CO. Mr Berkeley is executive director of Brown Shipley (Jersey) and Mr Watts was a director of Morgan Grenfell Finance.

MOORES & ROWLAND has taken into equity partnership Mr Charles S. Bunker (corporate finance, London) and Mr Ronald Ludwig (tax, Edinburgh). The following have been added as salaried partners: Mr Christopher Chadburn (tax, London), Mr Michael Lawson (management consultancy, London), Mr John Turner (tax, Wales), and Miss Margaret Wakeling (audit, Sevenoaks).

ARMITAGE BROTHERS, Nottingham, has appointed Mr Russell Taylor as chief executive. He has been managing director of Anglia Canners, part of Associated British Foods, for the last four years.

Mr Christmas Phillips has been appointed chairman of HOLDEN HYDROMAN, Bromyard, Herefordshire. He succeeds Mr W. J. (Bill) Holden, founder of the company, who will continue as a non-executive director. Mr Phillips has been a non-executive director of Holden Hydroman since November 1985.

LEEDS & HOLBECK BUILDING SOCIETY has appointed Mr T. G. Turnbull as president. He is senior partner in Scott Turnbull & Kendall, who have been associated with Leeds and Holbeck as head office solicitors since the incorporation of the society in 1875. Lord Marshall of Leeds has been appointed vice president of the society.

Mr James S. MacLeod, a partner in the Edinburgh office of Arthur Young, has been appointed a visiting professor in taxation in the department of accounting and business method in the University of Edinburgh.

UK PETROLEUM INDUSTRY ASSOCIATION has elected Mr D. W. Kendall (BP) as its president. Mr N. G. Roden (Conoco) and Mr D. Clayman (Esso) are vice-presidents and Mr C. S. Walsh (EL) is treasurer. All are managing directors within their respective organisations.

MOUNTLEIGH GROUP has appointed Sir Ian McGregor as a non-executive director. He is a former chairman of the British Steel Corporation and the National Coal Board.

Mr Keith Tappin, formerly manager with D. G. Bean and Co., corporate finance advisers, has joined the corporate finance department of TOUCHE ROSS SECURITIES in Manchester.

Mr Michael Milbourne and Mr Peter Sargent have joined STANDARD CHARTERED MERCHANT BANK as executive directors to form a unit which will be engaged in the trading of LDC debt and related activities. They were formerly with Libra Bank. Joining them, also from Libra, are Mr Michael Brook and Mr Jean-Louis Duzin, assistant directors. In London, Mr William D. Hayes, senior vice president, Mr Ian Tweedley, vice president, in New York, and Mr Hans Ostwald, assistant director, in Chile.

Mr Brian E. Havill has joined PAINWEBBER INTERNATIONAL CAPITAL INC LONDON, as executive director responsible for developing leveraged buyout business in Europe. He comes from Citicorp Investment Bank in London where he was director and vice president of Citicorp Venture Capital.

Mr Robin N. Crichton, chairman and managing director of City Management, has been appointed a non-executive director of AUTHORITY INVESTMENTS.

SILENTNIGHT HOLDINGS has made the following management changes: Mr Arthur Beattie is returning to group headquarters to take up a range of

duties after serving as managing director of Silentnight Bedd. He will be succeeded by Mr John Dunthorne, managing director of Buoyant Upholstery. Mr Beattie remains a director of the holding board. Mr Dunthorne will be succeeded by Mr John Hobson, group marketing director, who also becomes chairman of the upholstery division. Mr Bill Simpson, managing director of Sherbury, the group's buying company, will in future be responsible of all services including group engineering. Mr Roy Rodger, general manager of Easy Upholstery, becomes managing director.

STURGE HOLDINGS has appointed Mr C. J. Pumphrey, chairman of Wise Speke, stockbrokers based in Newcastle-upon-Tyne, as a director.

FERRANTI has appointed Mr Albert E. Dodd to the board. He is managing director of Ferranti Instrumentation. Mr Lester J. George has retired from the board.

Mr Frederick Copson has resigned as chairman and director of F. COPSON. Mrs Florence Copson has also resigned from the board, and Mr Copson has been appointed life president. The financial director, Mr David Kingstone, and Mr Bryan Ochy have been appointed joint managing directors. Mr Kingstone will act as chairman. Mr Carl Beeching joins the board as planning sales director.

Dr Christopher Deeley, an executive director of ICI Australia, has been appointed managing director and chief executive officer of ICI Australia from September 1. He succeeds Mr Chris Hampson, who joins the ICI main board as an executive director on the same date.

Mr Graham A. Cloake, Mr Derek V. Long, Mr Nathan V. Moss and Mr E. Roy Withgar have been appointed directors of GREENWELL MONTAGU STOCKBROKERS, private client stockbroking and agency business in the UK banking sector of Midland Bank Group.

BBC
BROWN BOVERI

To the Holders of

US\$ 4% Convertible Bonds due 31st December, 1993
(Sec. Code 554.043)

and

US\$ 4% Convertible Bonds due 31st December, 1995
(Sec. Code 557.281)

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The Board of Directors of BBC Brown, Boveri & Company, Limited, Baden, Switzerland, will propose to the ordinary General Meeting of Shareholders convened for 2nd June, 1987 that the present share capital of Sfr. 439.53 million be raised to Sfr. 483.93 million by issuing 74,000 new Bearer Shares with a par value of Sfr. 500 each and 74,000 new Registered Shares with a par value of Sfr. 100 each, the preemptive rights of the present shareholders being excluded.

These new shares will remain reserved for the issuance of Bonds with Warrants of BBC Brown, Boveri & Company, Limited. It is foreseen that the bonds will be offered as from June 9, 1987 for subscription to the present shareholders and holders of Bearer Participation Certificates at the ratio of one bond of Sfr. 2000 par value for every 15 old Bearer and/or 75 Registered Shares and/or 75 Bearer Participation Certificates. The definitive conditions for the issue of the Bonds will be fixed later.

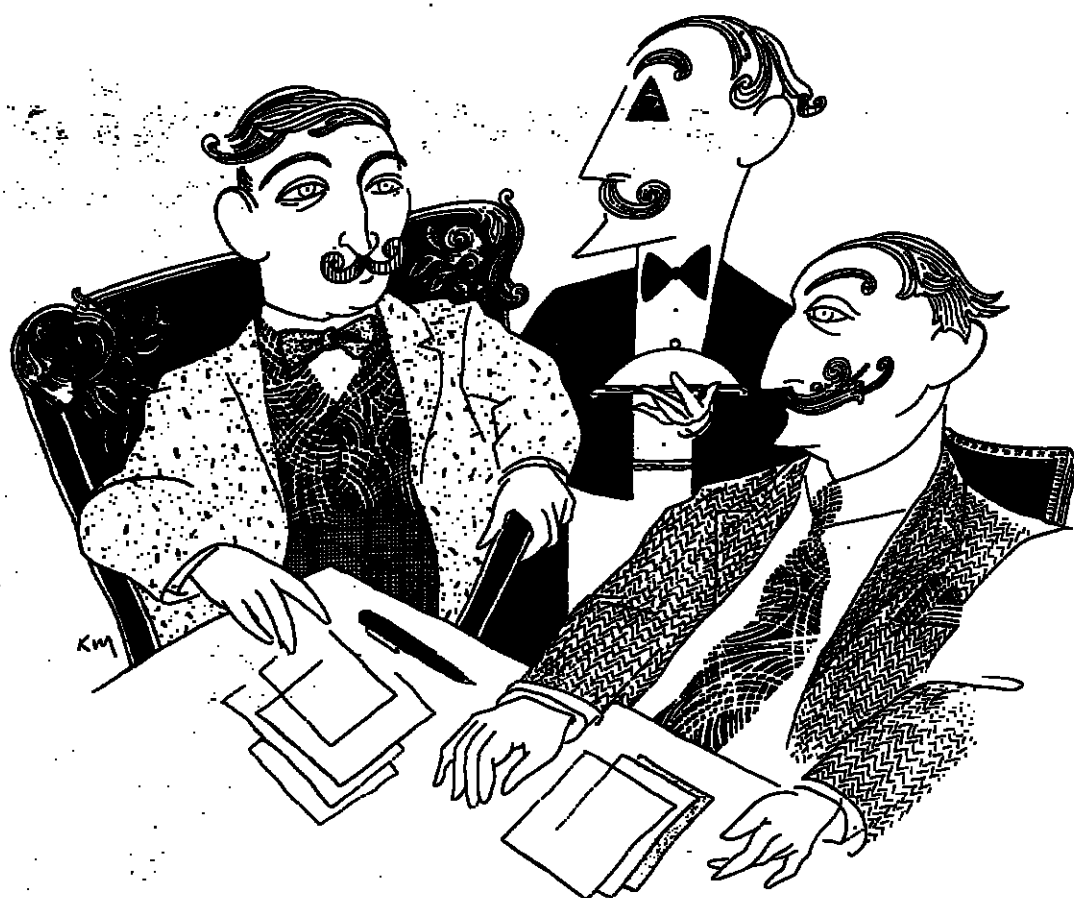
Provided the capital increase and the Bond issue will be carried out as proposed, the rate of conversion of the US \$ 4% Convertible Bonds due 31st December, 1993 and US \$ 4% Convertible Bonds due 31st December, 1995 of BBC Brown Boveri Finance (Curaçao) N.V. will be adjusted effective 23rd June, 1987. The new rate of conversion will be published as soon as possible thereafter.

The holders of the above-mentioned Bonds wishing to obtain Bearer Participation Certificates granting subscription rights for the new Bonds with Warrants are required to exchange their Bonds for Bearer Participation Certificates of BBC Brown, Boveri & Company, Limited not later than Friday, 22nd May, 1987.

Bonds will not be convertible from Monday, 25th May, 1987 to and including Tuesday, 9th June, 1987 (the date on which the shares of BBC Brown, Boveri & Company, Limited are supposed to be traded ex-rights).

BBC Brown Boveri Finance (Curaçao) N.V.

Willemstad (Curaçao), 12th May, 1987



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UK NEWS

NFC to seek vote on share market flotation

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SHAREHOLDERS of the employee-owned National Freight Corporation (NFC) will be asked to vote on a stock market flotation at the next annual meeting, Sir Peter Thompson, company chairman, said yesterday.

Sir Peter said a flotation was regarded as "inevitable" in the long term, despite an overwhelming vote at the last annual meeting to keep ownership largely in the hands of employees.

He said the board was "looking hard" at the prospects for a flotation, but it was reluctant to come to the market without the wholehearted support of the present share holders.

A survey of the employees' view is being carried out by Mori, the opinion poll organisation, and their report is expected in August.

Sir Peter made clear, however, that the board would not be rushed into seeking a quotation.

"We could continue to run the business on the cash flow and resources we already have for the next three years," he said.

The corporation is 83 per cent owned by 27,500 individual shareholders, of whom 85 per cent are

current employees, and the rest mainly relatives and company pensioners. A further 17 per cent of shares are owned by institutional investors.

The shares are traded on an internal market on the basis of a quarterly "fair value" price. The corporation is capitalised at more than £400m on the basis of the share price set for the next dealing day in June.

The company yesterday announced an increase of 27 per cent in pre-tax profits for the six months to March 21, to a record £16m. Operating profit was up 24 per cent to £25.6m on a turnover of £394m, up 13 per cent.

Strong growth was reported in the US, which contributed 17 per cent of operating profits. Dauphin Distribution Services, acquired last year, was described as "a perfect springboard" for further growth.

Mr John Mather, chief executive, said revenue growth had continued in all the corporation's operating divisions, although problems remained in the parcels operation, general haulage, and computer software.

WARNING TO US OVER CYCLE OF PROTECTIONISM

Textiles face trade 'nightmare'

BY ALICE RAWSTHORN

ANY PROTECTIONIST legislation on textiles by the US would result in a trade nightmare, Mr Jean-Pierre Leng, a European Commission special representative for textile negotiations, said in London yesterday.

If the US Congress adopted the textile and apparel trade bill now before it, the world textile industry would enter into a disastrous cycle of protectionism he told an FT conference.

It would "render meaningless" the Multifibre Arrangement (MFA) and would jeopardise the present round of multi-lateral trade negotiations under the aegis of the General Agreement on Tariffs and Trade (GATT) in Uruguay.

Mr Leng said that the weakness of the US dollar had already increased the flow of textile and clothing imports from the US to Europe, and that this problem had been compounded by a parallel influx from the Far Eastern textile markets which traded in dollar-related currencies.

The introduction of protectionist legislation in the US would, he said, intensify this flow of exports, thereby imposing further pressure on the European textile industry.

From the US viewpoint, Mr Jerome Link, vice-president of Cimco, a subsidiary of Hoechst Celanese, told the conference why US manufacturers believed that their indus-

try needed the protection of what he called a "form of more regulated fair trade."

Although the US industry had reaped the benefits of improved productivity, higher investment in research and design and joint initiatives such as the Crafted with Pride consumer campaign, Mr Link said that the problem which began in the early 1970s with the influx of cheap imports had not only intensified but spread from textiles into other sectors.

Mr Link was alone among the speakers in favouring protectionism. Mr Norman Sessman, chairman of the British Clothing Industry Association, spoke of enormous implications of the US textile and apparel trade bill on the existing regulatory framework.

Mr Madan Mathur, deputy director-general of the GATT, said that it was "not possible to justify the damage" that such legislation would cause.

Moreover, the textile industry now needed to reduce, rather than augment the regulation of trade. Although the present MFA was in many respects less complex and more liberal than its predecessors, Mr Mathur claimed that it imposed too rigid a structure on production and exports in both importing and exporting countries.

He advocated the phasing out of the arrangement, leaving textiles,

FT CONFERENCE

World textiles into the 1990s

Like most other industries, under the aegis of the general GATT provisions.

Recent improvements in productivity and profitability ensured that the European industry at least would be in relatively good shape should the MFA be withdrawn, said Professor Aubrey Silverstone, professor of economics at Imperial College, London. The US industry would be more vulnerable, he said, but in Europe, where advances in technology had diminished the importance of labour costs in determining competitive advantage, the industry, although adversely affected, would not be destroyed.

Building on these improvements, would be crucial to the European industry in the future, argued Mr Ian MacArthur, director of the British

Textile Confederation. He said that, given the sluggish state of the world market for textiles, increased competitiveness was the key to future growth.

Miss Jean Muir, the fashion designer, explained how responsiveness to fashion and its trends had become increasingly important. Similarly, Mr Josef Hunter, president of the Enka Group, emphasised the importance of innovation, specifically in the manmade fibres sector.

Efforts of individual manufacturers could, however, be augmented by wider European initiatives in the areas of design, research and development, education and exhibitions, co-ordinated by the European Commission for its member states, said Mr Thierry Nohet, director of economic affairs at the Union des Industries Textiles.

Mr Karl Engels, director of fibre sales for Hoechst, said that barring adverse factors such as currency instability, trade malpractice or major market distortions, the outlook for the European textile industry was "safe and sane".

Prospects for the Far Eastern producers were brighter still, said Mr Kayser Sung, editor-in-chief of Textile Asia. He argued that Hong Kong and Taiwan would fare well in the future, helped by favourable trading relationships with the US.

European sales of Amstrad computers top all other rivals

BY DAVID THOMAS

AMSTRAD, the fast growing UK consumer electronics company, sold more personal computers in Europe last year than any other company, according to a US-based computer industry market research body.

Most of Amstrad's sales were for the home, according to the report to be published next month by International Data Corporation.

But IBM, the US computer company, sold most machines into the higher value business market.

Amstrad's personal computer sales increased overall to 1.75m up its last year, representing a third of all personal computers sold in Europe. About 180,000 of these came from its IBM-compatible PC1512,

which was launched last September.

Commodore of the US came second after Amstrad, with 1.2m sales, followed by IBM (365,000), Olivetti of Italy (205,000), Apple of the US (150,000) and Atari of the US (125,000).

Sales of business personal computers rose by a third last year to 1.84m, but also into the home dipped 8 per cent to 2.5m.

In the UK business sector, the report says, Amstrad's unit sales rose 33 per cent to 86,000, more than any other company. IBM's UK business sales fell 11 per cent to 70,000, according to the report.

Personal Computers 1986. IDC, 2 Bethesda Road, London W4 1LN. £2,000.

March credit business jumps to record £3.2bn

BY RALPH ATKINS

CREDIT ADVANCED by finance houses, retailers and credit cards companies increased to a record £3.2bn in March against £2.9bn in February. Since December, total new credit has increased by 16.5 per cent.

The seasonally adjusted figures released by the Department of Trade and Industry also show fresh borrowings of £9.9bn in the first quarter of this year.

There was a large increase in advances on bank credit cards to £2.9bn in the first three months, an increase of 11 per cent rise on the last quarter in 1986.

Credit extended by retailers rose 1 per cent to £1.24bn, while borrowings from finance houses and other specialist credit grantors advanced 9 per cent to £3.8bn. Consumers accounted for most of the increase.

The figures for March follow a large increase in February, probably due to a delay from January when credit was depressed by bad weather.

Total credit outstanding in March was £24.9bn, compared with

£24.4bn in February and £23.8bn in December 1986. The strength of consumer credit, however, is not reflected in figures for the volume of retail sales, also published yesterday.

Final figures for March show retail sales, seasonally adjusted, fell by 1.2 per cent in line with the department's provisional figures. The fall follows a 2.2 per cent rise in February.

The March figure for the volume of retail sales index of 125.5 (1980-100) is the lowest since October, apart from January which was hit by severe weather. The index has been released to take a more detailed account of spending patterns.

Despite the fall, the department believes the trend is still upwards. The volume index of retail sales for the first quarter of 1987 at 125.4 is 5.1 per cent higher than the same period in 1986.

The figures for the next few months will be underpinned by buoyant consumer credit, but will also be helped by tax cuts, lower mortgage rates and the late Easter.

Scottish post office offers stockbroking

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

A SCOTTISH post office has become the first in Britain to offer stockbroking services. The days when shares were owned by a wealthy minority have gone," said Mrs Wendy Goldstraw, a post office spokeswoman.

Allied Provincial Financial Securities has introduced a stockbroker into a corner of the post office's customer area in Edinburgh. He will offer financial advice on unit trusts, shares and insurance and carry out transactions over a direct telephone link to the firm's local office. Later, he may be equipped with a TOPIC screen.

The scheme is a pilot project to find out if post offices are suitable places to conduct financial business and whether they will attract people

who might otherwise not approach a stockbroker. "The days when shares were owned by a wealthy minority have gone," said Mrs Wendy Goldstraw, a post office spokeswoman.

Allied Provincial was formed last year out of eight provincial brokers, on the initiative of Parsons and Co of Glasgow. It originally approached the post office to market its personal equity plans (PEPS).

The pilot project has been broadened to cover advice on all financial services. If the experiment is a success it will be extended to post offices throughout the country.

Rank lifts film budget

BY RAYMOND SMOODY

THE RANK Organisation is increasing its investment in film production by \$90m.

It announced yesterday at the Cannes Film Festival that it had established a \$100m film finance fund to be managed by Rank film distributors.

This compares with their investment in films last year of about \$10m.

Mr James Daly, head of Rank Film and Television Services, said yesterday that Rank was increasing its investment in international film production to obtain distribution rights, mainly outside North America. The fund will be used to negotiate film and video rights for at least 12 pictures a year.

He said that Rank, which no longer produces its own films, would

probably be prepared to invest up to 30 per cent of the cost of a film in return for the non-American distribution rights.

Rank was increasing its stake mainly because its film investments last year, including *Defence of the Realm* and *The Fourth Protocol*, had been profitable.

Rank was increasing its stake mainly because its film investments last year, including *Defence of the Realm* and *The Fourth Protocol*, had been profitable.

The company hopes that some of the film companies involved might choose to make their pictures at Rank's studios in England, which has cut staff numbers by half to reduce costs.



BENETTON GROUP SpA

a company with registered office in Ponzano Veneto (TV), Italy, Via Roma, 143; a paid-in capital of Lit. 71,200,000,000; registered at No. 4424 of the Companies Section of the Court of Treviso

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31ST DECEMBER 1986

Notice is hereby given that Benetton Group's consolidated financial statements as of 31st December 1986, audited by Arthur Andersen & Co. S.a.s., may be obtained upon request from:

- the Company or
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UK NEWS

Rioting follows funeral of IRA men

RIOTING broke out in nationalist areas of Londonderry, Northern Ireland, following the funerals of two of the eight IRA men shot dead on Friday. There were few overt paramilitary trappings at the ceremony and the police kept a discreet watch.

Speaking at the burial of Patrick Kelly, 30, commander of an IRA brigade, Mr Martin McGuinness, a senior figure in Sinn Féin, the IRA's political wing, acknowledged that the death of the eight as they attacked a police station was a setback.

No attempt was made to fire shots over the coffin or grave, as has been customary at IRA funerals in the past.

Mr McGuinness was joined as a pallbearer by Mr Gerry Adams, the Sinn Féin president, and Mr Danny Morrison, another senior Sinn Féin figure, as Kelly's coffin, draped with the Irish flag and carrying black beret and gloves, was taken from the church to a graveyard two miles away.

A crowd of about 1,000 followed the procession to the burial.

SUN OIL, the US company, is planning to apply later this year for development approval for the Glenis field in the North Sea. It will be tied into the existing Balmoral oil field. Production of the field which, according to Wood Mackenzie, contains between 10m and 15m barrels of oil, is expected to start in 1990.

CONFERENCE of the Civil and Public Services Association (CPSA) has voted to call for a two-day national strike in the week of the general election, together with three weeks of regional stoppages. Mr John Ellis, CPSA general secretary, said he would favour delaying the two-day national stoppage until after the election: "If she (the Prime Minister) is re-elected, and we are on strike at the time, I think that helps her."

BRITISH Telecom is streamlining its purchasing activities, worth about £1.8m a year, in a bid to make them more efficient. The move involves merging two existing divisions and could lead to some staff savings at its headquarters.

ENERGY Secretary, Mr Peter Walker, interrupted Labour MPs in the House of Commons by announcing that he would address the annual conference of the Union of Democratic Mineworkers two weeks after the general election. He praised the union for its courage in the face of intimidation by supporters of the National Union of Mineworkers during the year-long coal strike.

DIRECT state subsidies of the arts should be phased out, says a report published by the Adam Smith Institute, an independent research organisation. The report says public support for the arts now exceeds £1bn a year, but often it is spent on events nobody wants to see.

EXTEL, the financial and sports information group, plans to hire another advertising agency to promote its racing services in the wake of the resignation of Boase Massimi Pollitt. Business Communications. The agency quit the account on Friday, Mr Kenneth Young, Extel managing director, said yesterday.

Local authorities in the north west, Yorkshire and Humberside, Greater London and the north of England will be the main beneficiaries of a new slice of Government spending to clean up council housing estates. Mr John Patten, the Housing Minister, has announced that £37.5m would be available for estate improvement schemes under the Government's Estate Action plan, started in 1983. He has also told local authorities to cut back the level of rent arrears, the figures for which, he said, "are appalling and totally unacceptable."

Asda-MFI group gives up car sales operation

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ASDA-MFI group yesterday discontinued its car retailing experiment which some observers predicted would revolutionise the motor trade and the way cars sold in Britain.

Asda's announcement came as a surprise because a month ago the company said the experiment, which began last June, was such a success that the number of car sales outlets at its superstores would be raised from seven to 22. Seven more were due to open this month.

The company said last night: "While the concept had attractions to the consumer, it is now clear that the future management input required from Asda would be out of all proportion to the returns that can be earned from the continued concentration on core Asda business."

Mr Paul Dowling, Asda's marketing director, said that in the first six

months of its operation Asda's car sales were meeting its target to sell 250 cars a year through each outlet. However, the performance recently was below that level and had prompted another in-depth management inquiry.

He said Asda's losses were "small" and it was hoped the employees, about 100, could be found other jobs within Asda-MFI, which is the third-largest retailing group in Britain.

The separate car servicing operation in which Asda-MFI had no equity stake or management control, would continue to trade.

Asda's partners in the venture were Mr Graeme Miller, a former managing director of FSO Cars, an importer of Polish-made cars, and marketing director of Mazda Cars UK, the Japanese vehicle import company, and Mr John Klaymar, a non-executive director of the Marketing, Motivation and Management consultancy organisation.

Losses for Iveco Ford

By Kenneth Gooding

ABOUT £25m has been injected into Iveco Ford Truck by the two major shareholders to cover a £22m net loss for the first six months.

The company was formed last June from the merger of the UK operations of Iveco, Fiat's commercial vehicle subsidiary, and those of Ford of Britain.

Iveco Ford said yesterday that the loss "is not considered to be representative of the expected on-going performance," and said the results were better than the projections established when the company was set up.

The board was encouraged by the sales progress in the UK and had demonstrated its confidence in future progress by increasing production schedules for the Cargo truck range at the Langley, Berkshire, factory to the highest levels for three years.

Mr Felice Cantarocco, Iveco Ford chairman, said the company was spending £7m a year at Langley to improve and expand the Cargo range and on capital investment there.

Michael Cassell reports on the opening shots in battle for votes

Parties clear decks for election

THE BATTLE for the votes of more than 43m electors - to be cast four years and two days after the last general election - will begin in earnest next week with the publication by the major parties of their manifestos.

The announcement of a June 11 poll yesterday gave the signal for party leaders to complete last-minute adjustments to the policies on which they will base their electoral appeal and also enabled party strategists to complete preparations for the three-week contest.

The atmosphere at Westminster was one of relief that the speculation was finally over, combined with enthusiasm for the fight ahead. Although MPs face a full week of parliamentary business in order to clear the legislative decks, party leaders will still have ample opportunity in the next few days to set out the themes which will underlie their campaigns.

Shortly after Mrs Margaret Thatcher's decision was made known, it was announced that the Tory manifesto will be unveiled next Tuesday in London. It will inevitably stress the Government's continuing commitment to a radical programme, embracing a further extension of privatisation as well as

an all-out attack on inner-city deterioration.

On the following day, a conference of Tory parliamentary candidates will also be staged to ensure the campaign is co-ordinated and fought on common themes.

After informing the Queen of her decision for a June poll, Mrs Thatcher yesterday held follow-up discussions with the strategy group of ministers which met at the weekend. The latest session was also attended by Mr Peter Morrison, deputy chairman of the Tory party, and a number of officials from Conservative Central Office.

The Prime Minister will, as in 1983, be using the two-day Scottish Tory conference on Friday as the public launch-pad for the campaign. Apart from the Prime Minister, a number of cabinet ministers will also be in Perth to drive home the Tory election message and to ensure that party activists and supporters are not in any sense complacent about the outcome.

Among ministers speaking on Thursday and Friday will be Mr George Younger, the Defence Secretary, Sir Geoffrey Howe, the Foreign Secretary, Mr Nigel Lawson, the Chancellor and Mr John Moore, the Transport Secretary.

Whatever doubts there are within the Labour camp about the prospects for a clear election victory, the party appears fully prepared for the campaign and seems confident that it will not repeat the damaging tactical mistakes of the last campaign.

The Labour manifesto will today receive final approval from the party leadership when, in accordance with the party's constitution, members of the national executive committee and the shadow Cabinet stage a special "Clause Five" meeting to agree on its contents. It is expected to be launched early next week, possibly on the same day as that of the Tories.

Mr Neil Kinnock, the Labour leader, is assured of support for the document, which is likely to be comparatively short and will concentrate on the central issues of the economy, the future of education, health and social services and the reduction of unemployment.

Mr Kinnock, who plans to spend most of the campaign outside London, yesterday gave an indication of Labour's approach when he reacted to Mrs Thatcher's decision. He said Britain had the choice of creating a modern, manufacturing base with a modern welfare state or of permit-

ting continuing social division and economic decline.

The Labour leader, who claimed the election would be "about preventing 13 years of Thatcherism," will on Friday also be presented with a major platform to get his party's campaign underway when he addresses Labour's Welsh regional conference in Llandudno.

Liberal MPs were last night given their first opportunity to look at the Alliance manifesto, which will today be ratified by separate policy committees of the two parties. A joint policy committee meeting will be staged later in the day to approve the final document.

The Alliance leadership hopes to steal a lead on the other major parties by unveiling its manifesto on Monday. But before then, both Alliance leaders will on Thursday begin a three-day tour of regional centres. The intention is to extend the campaign as much as possible, in the belief that the Alliance will benefit electorally from the lengthy exposure of its policies.

Mr David Steel, the Liberal leader, said last night that the Alliance would speak for ordinary people, who did not want the grasping society which Mrs Thatcher had created.

Black students rejected

By Andrew Taylor

THE COMMISSION for Racial Equality has called for a more sensitive and flexible approach to selection procedures for black students wishing to become chartered accountants, to take into account the social and education disadvantages faced by many of them.

It found that white students, who last year applied for courses, were nearly four times more as likely than black students to be successful in their applications.

The recruitment records of the 14 largest accountancy firms, as well as samples of small and medium sized firms, were investigated in a report published yesterday.

While the commission was satisfied that there was no policy of deliberate discrimination among firms, it found that black applicants were more likely than white to be rejected for training places at all stages of selection. Lower academic qualifications achieved by some black applicants only partly explained the disparity.

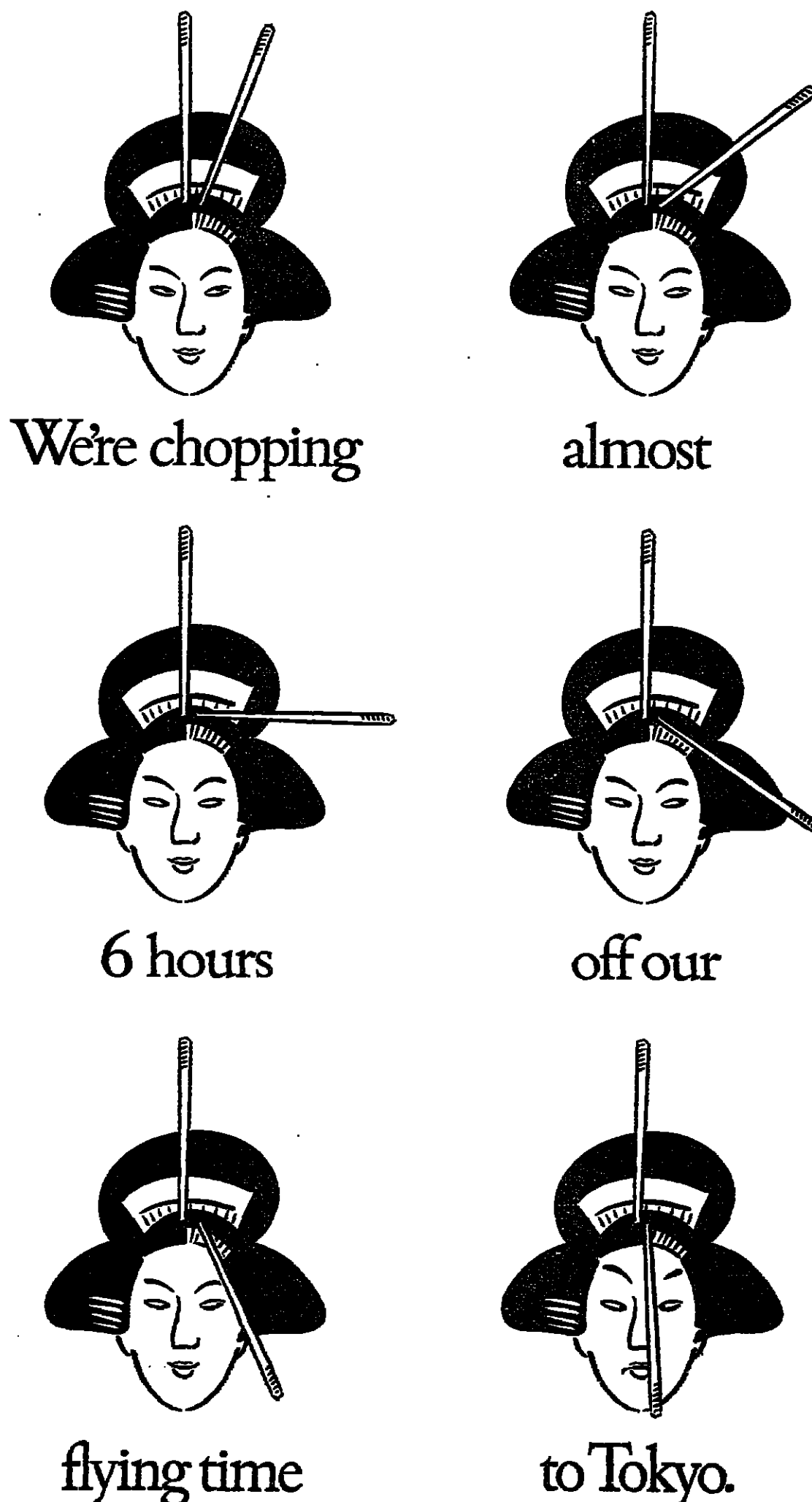
The commission claimed that a factor in the higher black rejection rate was the possibility of an adverse reaction from clients. Interviewers at two large firms, for example, had said they could not send out an all black audit team to some companies.

Several firms said the "oral expression and accent" of some candidates was also a barrier to recruitment, although this was more likely to affect overseas students than those who had received most of their education in the UK.

Most firms blamed the high failure rate of black candidates on "extended educational disadvantage," which had affected the confidence of applicants and resulted in a less polished and more shallow performance at interviews.

It said that interview techniques which concentrated on applicants' involvement in student organisations, university projects, holiday jobs and other office holding and group activities - favourite indicators of a good mixer - were too narrow and disadvantaged candidates from ethnic minorities.

The commission also called for better training for managers involved in interviewing applicants, and criticised the selection procedures of large firms which concentrated on recruitment from the more popular universities to the detriment of polytechnics, where black applicants were more likely to be found.



From June 4th, two of our seven flights a week to Tokyo will be non-stop. So take the quick route to the not-so-Far East.

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Growing pains hit the franchising industry

Recent months have seen problems in the UK, David Churchill reports

THREE years ago Danielle Baillieu, a young mother with some fashion experience, decided not only that she wanted to run her own shop but also felt it safer to do so under the umbrella of franchising.

"I'd read all about franchising and believed it offered the best way to set up a small business," she says now.

Baillieu did what she would have considered all the right things, such as visiting the annual National Franchise Exhibition, talking to her bank, and choosing a franchise operation which was a member of the British Franchise Association and part of one of the most-respected franchise groups.

Now, three years on, Baillieu has been left with debts approaching £100,000, a broken marriage, and a failed business. "I feel very bitter about the whole affair," she says. "Not just for myself but for the many other people who suffered as I did."

Baillieu had taken on a franchise called La Mama, which specialised in selling fashionable maternity wear. La Mama was part of the Young's Franchise Group, one of the founder members of the BFA and run by a former chairman, Edward Young.

La Mama was not only a member of the BFA but was also looked on kindly by both Barclays and National Westminster banks, which were prepared to lend money to potential franchisees.

But it soon became clear to Baillieu and others that La Mama was not the franchise opportunity it had at first appeared. Stocks supplied by Young's were either too fashionable to be popular or not available at the right time; the trading figures on which the franchise was based were over-optimistic.

Problems mounted when, in October 1985, the Young's group went into receivership and Edward Young left the country. Almost immediately, however, the group was acquired by Cyril Spencer, a former chairman of the Burton Group—and is now trading normally. The new owner decided to stop franchising La Mama and now the six remaining shops are trading independently.

This episode is a reflection

of the growing pains of a modern-day industry which, although it started in the 1970s, has really taken off in the 1980s. Franchising still has a lot to offer: it can provide small businesses with an additional pathway for growth; it offers individuals the chance to become entrepreneurs; and it gives financial institutions a way to invest in the small business sector.

But what has also become clear is that these opportunities have to be tempered with rather more caution than many franchising propagandists have been prepared to admit. The type of recent years is being replaced with a more realistic view of the pitfalls as well as the potential.

Public row

Baillieu's problems with franchising do not appear to be an isolated incident. Apart from Young's, other franchise companies in difficulties over the past year have included Identical, which engraves numbers on car windows, Postal Centres, selling stamps from kiosks, and Cookie Coach. Minter, the market research company, points out in a recent report that "these operations do not represent the total of all franchise businesses to be experienced difficulties."

Kentucky Fried Chicken, for example, became embroiled in a public row with some of its franchisees earlier this year over its attempts to raise standards.

An underlying difficulty has been franchisee-broking—the system whereby so-called "consultants" find recruits for companies franchising a product or service. The consultant gets his fee according to how many franchisees are signed up, irrespective of whether or not they are suitable.

As a result, reputable franchise consultants have been forced to form their own trade association to try to protect their status.

Perhaps the biggest worry facing franchising in the UK has been the attention focused on it by the Office of Fair Trading and by the European Commission, both of which are concerned that franchise agreements may operate in an anti-competitive and restrictive way.

But all this should be seen against a background where sales through franchising last year topped £2bn for the first time—up by about a quarter on the 1985 level—and numbers employed were a third higher at 150,000. Small wonder, therefore, that the Department of Trade has so far adopted a benevolent attitude towards franchising, seeing it as a major engine of growth in the small business sector.

The operations which have seen most growth in the UK in the past two decades are typified by fast food chains such as Pizza Express and Wimpy, retailers such as The Rack and Benetton, and service companies such as ServiceMaster and Dyno-Rod.

This type of franchising was partly a result of the recession which not only created a pool of would-be franchisees with large redundancy cheques but also encouraged the Government to take a more favourable attitude to small companies and the self-employed.

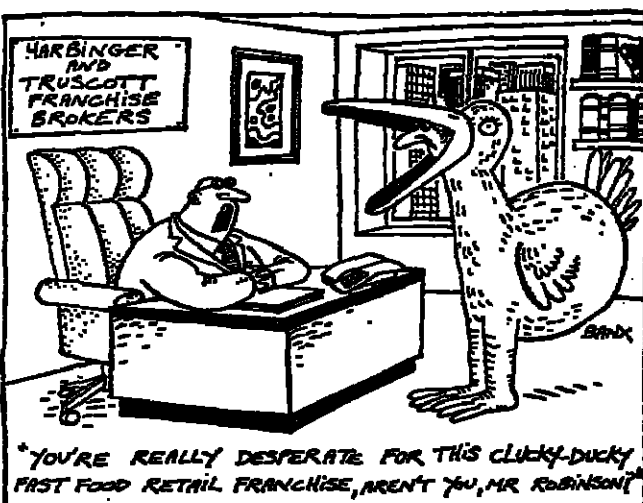
Its growth, moreover, has been spurred on by the boom in the service sector and the involvement of banks and accountancy firms in providing finance and management consultancy back-up.

So why has it started to go wrong? "Franchising is still evolving in this country and we are facing some of the problems of being a fast-growing industry," points out Tony Duffield, director of the British Franchise Association which represents franchise companies.

But he also believes that standards of individual franchisees may not be as high as they could be. "Too many people lose their 'bottle' when things go wrong and panic," he claims. "They expect franchising to be risk-free and then want to be bailed out when problems arise."

Franchisees, not surprisingly, see things differently. Research studies of franchisees' views have shown that the main source of conflict arises because the individual's desire to be an entrepreneur is at odds with the franchise companies' understandable concern at maintaining control over the franchise operation.

Some franchise operators can treat their franchisees in a



● Franchising provides the means for companies (the franchisor) to expand operations by using investment from individuals (the franchisee).

The advantage for companies is that it provides both a source of finance and highly motivated managers to run the business.

Franchising offers individuals the opportunity to run his or her own business but making use of a proven name and system of operation. For this the franchisee pays a fee and usually an on-going royalty, and may have to buy stocks and other supplies from the franchisor.

● There are about 440 business format franchise systems currently in operation in the UK, with the average number of franchised units per system of 45, and average

annual sales of £113,000. ● A typical franchise is married with three children, a mortgage, and up to £15,000 to invest. Most franchisees are range start-up finance from a clearing bank. The cost of a franchise varies considerably—from around £7,500 for a business such as food or car wash to several hundred thousand pounds for a major fast food operation.

● The National Franchise Exhibition, which offers potential franchisees the chance to talk to a range of companies, takes place this year on October 16 to 18 in London. ● The British Franchise Association has an information pack, price £5, for potential franchisees. The address is BFA, Franchise Chambers, 75a Bell Street, Henley-on-Thames, Oxon, RG9 2BD. Telephone: 0491 576043.

easy to penetrate. Experience has made US operators more wary. Last autumn, for example, the US company Entre Computer Centres Inc pulled out of the UK after only 18 months, leaving behind it a trail of disgruntled former franchisees.

British franchise companies, moreover, are facing stricter new regulations imposed by the British Franchise Association in the wake of the Young's and La Mama affair. "We are seeking firm undertakings from all our members about their financial position and commitment to their franchisees," says Duffield.

Yet the BFA only has 100 members, while perhaps four times as many companies are offering franchises outside its control. Even if the BFA gets its own house in order, it is the activities of some non-members which may eventually force the Government to step in and regulate the industry.

THE London Borough of Hammersmith and Fulham has launched a Loan Guarantee Scheme aimed at providing amounts of between £2,000 and £50,000 to start-ups and expanding businesses within its boundaries.

The loans will be provided by the Co-operative Bank and guaranteed up to 100 per cent by the council. Businesses helped must create jobs for residents of the borough and must provide a product or service which is considered to be socially useful.

Further details from The Economic Development Unit in the Town Hall. Tel: 01-748 3020.

A PROGRAMME designed to help the owner-managers of small businesses to develop their business skills has been launched by Darham University Business School. Firm start is aimed at companies of up to one year old but with the potential for employing 10 people or achieving turnover of £250,000 in the next three years.

It involves a five-day initial residential period, followed by seven monthly workshops. Funded by the Manpower Services Commission, the programme is free and open to £1,250 may be available to each business for market research.

Further details from John Taylor or Maureen McIlhenny at DUBS on 0383 41919.

GROWING Enterprise in the UK, a series of one-day conferences on how large companies can support new and small businesses, will be held throughout the summer. The conferences, designed for senior executives, policy developers and investment managers and organised by The Industrial Society, will look at the way large groups can contribute to the current enterprise campaign and how they can benefit from supporting growing companies.

The first conference will be held in London on May 18 followed by the first of five regional conferences in Leeds on June 18 and Birmingham on June 22. The cost is £65 plus VAT to society members and £75 plus VAT to non-members.

Contact: Fran Mitchell, Enterprise Unit, The Industrial Society, Tel: 01-833 4300.

TWO LONG-established basic guides for the small businessman have been updated. Law for the Small Business has now appeared in its fifth edition while Working for Yourself has gone into its ninth

In brief...

edition. Patricia Clayton, author of the legal guide, warns that bringing UK law into line with EC legislation imposes heavier responsibilities on directors and widens the ambit of financial responsibility for negligence.

Topics covered include Establishing a Business, Insurance, Employment Law, Collecting your debts and Liquidation.

Working for Yourself takes a straightforward look at the range of problems facing the small businessman but also includes useful sections on low investment, part-time opportunities for the self-employed and on freelance work.

Law for the Small Business. The Daily Telegraph Guide, Patricia Clayton, 256 pages, £7.50 and Working for Yourself. The Daily Telegraph Guide to Self-Employment, Geoffrey Green, 211 pages, £5.50. Both published by Kogan Page.

TEAMS OF Youth Training Scheme trainees will be able to take part in a business contest aimed both at developing their enterprise skills and at teaching them how to use computers.

In the first non-competitive stage entrants will receive a YTS Challenge Starter Pack comprising exercises to introduce and develop enterprise skills. During the autumn and winter teams of five from each YTS scheme will compete in heats against four other local teams at management simulation business. This will be followed by regional heats and a national final in London in March 1988.

The competition is organised by the Industrial Society and sponsored by IBM (UK) and the Manpower Services Commission. Starter packs can be obtained by sending a large 26p stamped addressed envelope to Hayley Bowers, Enterprise Unit, The Industrial Society, 2 Cannon House Terrace, London SW1V 5DG.

THE THIRD Peterborough Enterprise Award Scheme has been announced with £10,000 worth of prizes for new and existing firms with turnover of up to £150,000. Entrants must put forward a proposition which can help create employment in the city.

Prizes include rent-free premises for a year and free financial consultancy from

accountants Spicer and Pegler. Contact (before June 1) John Duncorth, Peterborough Enterprise Programme, Broadway Court, Broadway, Peterborough PE1 1RF. Tel: 0733 31155.

CHANGE OF Ownership, a one-day conference to be held by 31 (Investment in Industry) on May 21 will look at the choices facing buyers and sellers of companies against a background of recent active takeover, flotation and management buy-out activity. Venue for the conference is the Whitehead Brewery in Chiswell Street, London EC1. Cost is £115 including VAT. Contact: Conference Associates 31, 27a Midway Street, Westminster, London SW1.

A DIRECTORY of small businesses in the north east has been produced by Project North East, the Newcastle-upon-Tyne based enterprise agency. Large companies and other small firms are regularly unaware of the range of products and services offered by local small businesses, its compilers note.

Buying for Business lists more than 100 north east firms in the fields of building services, clothing design, crafts, foods manufacturing and many others.

Free copies available by sending 61 inch by 8 inch SAE to 60 Granger Street, Newcastle-upon-Tyne, NE1 5JG.

BUSINESSMEN who are unable to produce computer-aided cash flow projections are nowadays considered somewhat amateurish; soon they will be regarded as financially illiterate.

This stark warning in the preface to Raising Money for Business highlights the increasing amount of information managers are expected to have at their command when facing financiers.

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The legal side of fund raising is frequently regarded as dull and is best left to the professionals but this attitude can prove costly if the businessman does not get what he thinks he is getting, the guide says.

By Lanes Blackstone, 124 pp. £55. The Economist Publications

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FT LAW REPORTS

Equal costs for Opren plaintiffs

DAVIES v ELI LILLY & CO AND OTHERS
Queen's Bench Division
(Commercial Court): Mr Justice Hirst May 8 1987

SELECTION of lead cases for trial on liability in proceedings involving 1,500 plaintiffs should be unfettered by whether or not prospective lead plaintiffs are legally aided; and though the trial issues are to be preliminary issues only for non-lead plaintiffs, all plaintiffs, lead or non-lead and legally aided or not, shall be equally and severally liable for up to 1/100th of any costs of liability unrecoverable from the defendants.

Mr Justice Hirst so held when making general orders as to costs and selection of lead plaintiffs for purposes of the anticipated trial on liability in negligence actions by Mr Joseph Owen Davies and other plaintiffs against defendants in the Eli Lilly Group as manufacturers of the drug Opren, and the Committee on Safety of Medicines and the Department of Health and Social Security, who were involved in licensing Opren for use in the UK.

THE LORDSHIP said that 1,500 plaintiffs claimed damages for personal injuries allegedly caused by the arthritis drug, naproxen (Opren). It was alleged that Lilly was negligent in testing and marketing the drug, and that the Government was negligent in its licensing.

Efforts had been made to minimise expense, resulting in a probable saving of several hundreds of thousands of pounds. However, if the case went through to judgment the total costs of each group—plaintiffs, Lilly and the Government—would exceed £1m each.

There were common issues on liability in all the actions, in particular relating to development of the drug, testing and evaluation of side-effects. It was unlikely that there should be more than one trial of those common issues.

Each individual plaintiff had his or her own important features, such as age, medical condition, duration of Opren ingestion and alleged side-effects. If liability were established, those would require careful evaluation case by case, in order to assess damages.

For the purpose of trial on liability it was necessary to select an appropriate group of lead plaintiffs, who were suitably representative of the various categories of plaintiff

having regard to particular medical history. The parties assumed there were likely to be between 10 and 15 lead cases. While aggregated damages would be very large if all 1,500 plaintiffs were to succeed the measure of damages in most individual claims was likely to be quite small. Counsel for the defendants had made estimates within a range of £200 and £5,000. Mr Thorold for the plaintiffs said that was too low but did not give alternative figures.

There was a fundamental divide between the two sides as to the proper approach of the court in selecting lead cases, and whether it should be influenced by the fact that some plaintiffs were legally aided and others were not.

The problem had to be resolved before the court could sensibly embark on the selection in July. A submission by the plaintiffs that the decision should be deferred was therefore unacceptable.

Under the Legal Aid Act 1974 eligibility for legal aid depended on financial circumstances and proof of reasonable grounds for being party to the action. An assisted person might be required to make a contribution to the legal aid fund, depending on his disposable capital and income.

Section 9 (8) of the Act laid down a "statutory charge" in that the Law Society was obliged to debit any remaining part of the fund's net liability on the successful assisted person's account against any damages awarded to him.

In the present case the scale of taxation would not cover 100 per cent of the costs, so it was inevitable that there would be some shortfall in the fund. The smaller the assisted person's damages, the greater the impact of the statutory charge. If the plaintiffs were successful and the statutory charge was not spread evenly, there was a strong probability that some would see their damages completely wiped out. Others would reap a windfall.

A legal aid certificate could not relate to more than one cause. On the face of it, that required that costs that were loaded on to the lead case. No legally aided plaintiff could conceivably accept the burden of the case as lead case in view of the impact of the statutory charge. Also, the fund was required to attribute all costs to one plaintiff, leaving it for him to try to recover from the others. Such cumbersome machinery would be wholly impractical in the present case.

The court, when selecting lead cases, should order that the issues in the lead actions should

be decided as preliminary issues in all the other actions. That would not only be fair to the legally aided plaintiffs as a body, saving the lead cases from intolerable burden, but would also benefit the fund enabling it to spread the statutory charge with better prospect of substantial recovery.

Hitherto all expenses incurred by the Opren Action Group solicitors had been spread over legally aided plaintiffs, and not contributed to by non-legally aided plaintiffs. The regime had been extended to plaintiffs who were eligible for legal aid but who had declined it.

The lawyers had given a "no charge undertaking" that for legal aid and could not contribute towards co-ordination of claims, co-ordination would be carried out for his benefit and no charge would be made unless the claim was successful.

That was wrong in principle. It was indistinguishable from a contingency fee arrangement since it constituted an undertaking in advance to waive fees if the plaintiffs failed. Equally it was wrong for the legal aid fund to subsidise non-legally aided plaintiffs.

Section 7(6)(b) of the Act provided that the rights conferred on a person receiving legal aid should not affect the rights or liabilities of other parties.

The defendants submitted that in selecting lead cases, that section precluded the court from taking into account whether or not any potential lead plaintiff was legally aided. Mr Thorold submitted that the section did not apply to non-legally aided cases and that the court would have to take means into account in order to make a sensible selection.

The subsection was mandatory. It completely precluded any consideration of the status of a plaintiff in the legal aid context. Though it did not refer to non-legally aided plaintiffs, Mr Thorold's path would inevitably involve segregating non-legally aided from legally aided plaintiffs. It would allow the latter's rights to influence the court's discretion, in direct defiance of the subsection.

Section 51 (1) of the Supreme Court Act 1981 provided that costs were in the discretion of the court and it had full power to determine by whom and to what extent they were to be paid.

The court therefore had power to make orders affecting individually a large number of plaintiffs, including non-legally

aided plaintiffs, though the great majority would not directly participate in the lead cases.

The defendant's proposal, supported by Mr Fulman as *amicus curiae*, was for equal contributions severally from all plaintiffs, legally aided and non-legally aided, up to but not beyond their proportionate share (1/1500) of costs not recoverable from the defendants—subject in the case of legally aided plaintiffs to the court's obligation under section 8(1)(e) of the Act to limit liability to a "reasonable" amount.

Mr Thorold submitted that such a generalised approach obscured significant differences between categories of plaintiffs, and would result in inequitable distribution.

The court accepted that in some cases it might be necessary to make special provision for those differences. Nevertheless it was inherent in a scheme of this kind that participants should take the rough with the smooth, seeing they had the great general advantage of a thin spread of costs over a large number of plaintiffs.

The differences did not undermine the general fairness of a proportionate order. Also, there was no other way in which it would be possible to select lead cases without regard to the impact of legal aid and in a manner which would ensure that lead plaintiffs would be at no financial disadvantage compared to the vast majority.

The court would therefore make the order sought by the defendants.

That could not place any additional burden on the legally aided plaintiffs above that prescribed by their legal aid certificates.

The parties were given a period of grace of one calendar month in which to review their situations in the light of the new arrangements. Also, provision was made for liberty to apply, so that any special situations requiring variation or supplement to the general costs order could be considered by the court.

For the plaintiffs: Oliver Thorold (Fennell Napier, Sheffield).

For the Lilly defendants: Jonathan Playford QC, Michael Spencer and Andrew Fyfe (Davies, Arnold & Cooper).

For the Lilly defendants: Justin Fenwick (Treasury solicitor).

For the Law Society: Duncan Matheson.

Amicus curiae: George Fulman.

By Rachel Davies

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Company Notices

NESTLÉ S.A.,

Cham and Vevey (Switzerland)

The shareholders are hereby invited to the 120TH ORDINARY GENERAL MEETING to be held on Thursday, May 21, 1987 at 3.00 p.m. at the "Palais de Beaulieu", in LAUSANNE (SWITZERLAND)

AGENDA

1. Address by the Chairman of the Board of Directors.
2. Participation capital
 - 2.1. Amendment of Article 7, par 1 of the Articles of Association
 - 2.2. Authorization to the Board of Directors to issue participation certificates up to 20% of the share capital.
3. Approval of the 1986 Accounts and of the Directors Report.
4. Discharge of the Board of Directors and of the Management.
5. Decision on the appropriation of the net profit.
6. Elections in accordance with the Articles of Association.

The holders of bearer shares may obtain their admission card (with a proxy) at the Company's Share Control Office in Cham not later than Monday May 18, 1987 at noon. The cards will be issued either against presentation of a certificate to the effect that the shares have been deposited with a bank, or after the shares have been deposited at one of the Company's Registered Offices, in both cases, the shares will remain blocked until the day following the General Meeting.

The 1986 Annual Report, comprising in particular the Nestlé S.A. Directors Report, as well as the proposals of the Board of Directors concerning an amendment to the Articles of Association will be held at the disposal of the holders of bearer shares, as from April 28, 1987, at the Registered Offices in Cham and Vevey or at the Offices of the company's paying agents.

The holders of registered shares whose names appear in the Share Register will, within the next few days, receive the invitation to the General Meeting, together with a form incorporating an application for an admission card and a proxy. The Annual Report will be dispatched to them a few days later.

As, according to the terms of Article 15 of the Articles of Association, the resolutions relating to point No 2 of the Agenda may be validly passed by a General Meeting representing at least one half of the share capital, the shareholders are hereby informed that, in the event of this quorum not being attained at the first General Meeting, they are invited to an

EXTRAORDINARY GENERAL MEETING

to be held on Thursday, May 21, 1987 at the "Palais de Beaulieu", Lausanne, immediately after the end of the Ordinary General Meeting, in order to decide on points 2.1 and 2.2 of the Agenda. In accordance with Article 15, paragraph 4 of the Articles of Association, decisions will be validly taken by an absolute majority of the votes cast without regard to the number of shares represented at this second General Meeting. The admission cards and the proxies for the Ordinary General Meeting shall be automatically valid for the Extraordinary General Meeting.

Shareholders are requested to address any correspondence concerning the General Meeting to the Share Control Office of the Company in Cham (Switzerland).

Cham and Vevey April 27, 1987

THE BOARD OF DIRECTORS

THE GOLD EXEMPT FUND

Notice of an increase in the rate of management participation to The Trustee and Unitholders of The Gold Exempt Fund.

NOTICE IS HEREBY GIVEN pursuant to Clause 28(A) of the Trust Deed dated 7th March, 1975, as subsequently amended, constituting The Gold Exempt Fund that the Managers will alter the rate of management participation by increasing it from three-quarters of one per cent per annum to one per cent per annum with effect from 2nd September, 1987.

By order of the Managers

M&G (CAYMAN) LIMITED

P. J. Baxter, Secretary

Date: 12th May,

AUSTRALIAN TAX REFORM

Chris Sherwell on discontent among antipodean businessmen

Australians baulk at tax changes

WHEN Mr John Elliott recently talked of shifting his Elders IXL group offshore because of Australia's stiffening tax regime, he earned a sharp rebuke from Mr Paul Keating, the Labor Government's Treasurer.

Mr Elliott was giving vent to the frustration felt by much of the business community at the burdens resulting from the extensive tax changes imposed by Mr Keating.

His complaints, which he has since repeated, are important because Elders IXL, with its international interests in brewing, resources, the pastoral sector, finance and real estate, is Australia's fourth largest company.

As in many highly public clashes in Australia, little detailed attention was given to the legitimacy of Mr Elliott's complaints or the value of Mr Keating's far-reaching reforms. It was easier to see the exchange as minor sniping in a wider battle between government and business.

In fact, the changes implemented since 1985 represent the most far-reaching tax reforms in Australia since before the Second World War, and are more extensive than any seen in other countries in the Organisation for Economic Co-operation and Development, including, perhaps, the US.

The changes affecting the corporate sector are the most far-reaching. Not only are corporate tax rates going up; complicated new taxes have also been introduced, hitting capital gains, fringe benefits and offshore earnings. A complex imputation scheme affecting dividend payments also has been introduced.

This is affecting the way taxes are assessed and paid, the timing and form of dividend payments, and the manner in which funds are raised. It is also influencing corporate decisions about offshore operations, the use of tax havens and, ultimately, domicile.

Mr Elliott's reaction is not necessarily typical. Responses to complex questions of tax are inevitably dictated by individual circumstances, and some of Mr Keating's reforms have been welcomed.

Yet even this is not certain. To some specialists, the Australian situation is now so changed it is impossible to say whether Mr Elliott or others

like him would indeed be better off by changing domicile.

Moreover, no one doubts that actually doing so would be fraught with problems, both in dealing with the authorities and retaining the confidence of shareholders and customers.

This does not mean Mr Elliott's reaction was dictated purely by self-interest. No businessman is happy at the prospect of the July 1 rise in corporate income tax from 46

income. On unfranked dividends, shareholders would still be liable for tax.

Although other countries have imputation systems, Australia's is unusual in that the full rate of company tax will be credited to shareholders. But it has been criticised because individuals represent less than one-quarter of all shareholders. Institutions like superannuation funds, for example, are not subject to tax.

dividends) is not to be taxed in Australia.

The change not only means overseas earnings face a higher rate of tax. It also means that to the extent that a company receives a credit for tax paid offshore, it cannot pay a franked dividend out of those earnings.

The actual impact will vary according to whether the overseas operation of the Australian company is in a low-tax or a high-tax jurisdiction. In the case of a high-tax territory, the amount available for distribution as fully franked dividends will be reduced. In the case of a low-tax territory, there is now an incentive not to repatriate earnings.

All this raises the question of how an Australian entrepreneur like Mr Elliott should finance his offshore acquisitions. And even this question is made more difficult to answer by other changes which affect offshore funding.

For example, previously the rules for attributing interest expenses were not strictly applied, so that the financing cost of acquiring target companies abroad could be used to shelter domestic income. Changes introduced with the foreign tax credit system potentially prevent this sheltering.

Just as significant, the tax treatment of redeemable preference shares will have been changed four times in 15 months by July 1. There is now no incentive under the imputation scheme to issue such shares, which for many entrepreneurs have been a favoured means of financing acquisitions.

Other new taxes which worry businessmen include the introduction of capital gains tax in September 1985.

Previously there was a tax only on gains through asset disposals made within 12 months of acquisition. Now a wider-ranging tax is in place, applied to real (rather than nominal) gains made when assets are sold, and levied at ordinary rates of income tax.

Given that offshore income will now be subject to tax at the full Australian rate, so too will offshore capital gains, thereby raising another question mark over the domicile issue.

Then there is the fringe benefits tax, implemented last year and designed to combat the tendency of employers to remunerate employees through fringe benefits and thereby avoid high marginal income tax rates.



Elders IXL's John Elliott (left) and Paul Keating.

per cent to 49 per cent — one of the highest rates in the world.

The rise brings the corporate tax rate into line with the top personal rate, which comes down from 55 per cent on the same date. The Government evidently could not make the necessary spending cuts to put both at 46 per cent, but was determined to align the two to eliminate the incentive for individuals to form companies in order to reduce tax.

The rise will help pay for the imputation scheme, which also starts on July 1. The scheme removes the double taxation of dividends to shareholders, and aims to encourage share ownership and to shift corporate financing from debt to equity.

Under the scheme, companies will have two types of dividend qualifying (or franked) and unfranked. Tax of 49 per cent will be paid on qualifying dividends and shareholders will receive a credit for this tax to be set against tax payable on other

Overseas shareholders may also be disadvantaged. Although the current withholding tax of 30 per cent (15 per cent in a treaty country) will not be payable on franked dividends, it is likely that these dividend payouts will diminish from the many companies which do not pay the full rate of company tax.

Matters are even more complicated for the increasing number of Australian companies with interests abroad. Most will hope to make their payouts of franked dividends from local earnings, but problems would arise if the earnings were insufficient.

These complications are compounded by a sweeping reform of the foreign tax credit system, which also comes into effect on July 1. Under this system, all overseas income will be subject to tax at 49 per cent with a credit for tax already paid. This changes the present system, where income earned by Australians offshore (except

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Application has been made for the Notes, in bearer form in the denominations of £1,000 and £10,000 each, constituting the above issue to be admitted to the Official List by the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"), subject only to the issue of the temporary global Note. Interest will be payable annually in arrears on May 20, the first payment being made on May 20, 1988 in respect of the period from May 19, 1987 to May 20, 1988.

Listing particulars relating to the Notes and the Issuer are available through Exel Financial Limited and copies may be obtained during usual business hours up to and including May 14, 1987 from the Company Announcements Office of The Stock Exchange and up to and including May 26, 1987 from the following:-

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May 12, 1987

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The French motor group needs strong profits to underpin its investment plans, reports Kenneth Gooding

Citroen faces heavy capital spending with confidence

CITROEN, the French car company, needs to generate strong profits in the next few years to justify its heavy investment programme, according to Mr Jacques Calvet, the chairman.

But he gives every impression that the Peugeot group, of which Citroen is a part, has every confidence that profit targets can be met.

Peugeot is relying heavily on Citroen to perform better in key car markets, including West Germany, Italy, Spain and the UK, so that the whole group can achieve its objective to move from fifth to first place in the Western Europe new car sales league by the early 1990s.

Mr Calvet, also chairman of the Peugeot holding company, completes the circular argument by suggesting his group needs top place in Europe to get a proper return on the money spent on eight distinct "families" of cars—four for Citroen and four for Peugeot—a programme far heavier than that faced by other European car producers.

For the group has no intention of merging the Citroen and Peugeot brands and distribution networks, even though they compete directly.

"Each of the two companies brings something special to the group," Mr Calvet points out. "They each have their own cultures, histories, different net-



Jacques Calvet: sees improved profitability at Citroen

works and different answers to the technical challenges. We have not hesitated to keep them apart and will continue to keep them separate.

"The group has the technical resources for the two companies to live side by side. It costs more and there are communication problems. But we are proving today we can make it."

Mr Xavier Karcher, Citroen's managing director, suggests that competition between the sister companies is also important: "The success of one spurs on the other."

The Peugeot group knows only too well the cost of merging companies. The merger of Peugeot and Talbot costs a great deal and lost much of the market share. Today Talbot has almost disappeared as a marque.

However, Peugeot and Citroen are not entirely separate. They share fundamental research programmes, computer programs and a purchasing department. Both companies also can draw from a pool of families of components when developing models.

Citroen's recovery is not as far advanced as Peugeot's. However, it is expected to report a taxable profit of about FFr 300m (\$50m) for 1988 after six consecutive years of loss.

Mr Calvet expects Citroen to show improved profitability this

Citroen shed 4,000 jobs — 10 per cent of its workforce — in 1984, another 3,200 jobs, or 8.5 per cent, in 1985 and nearly 3,000 jobs, about 5 per cent, last year.

The company is now cutting jobs only to keep pace with productivity improvements. According to its own measurement, productivity is rising by 7 to 9 per cent a year and will continue to do so for another two to four years.

Mr Calvet says that, while the number of employees is about right, Citroen still needs to improve the workforce's quality. For this reason, 3.5 per cent of its wage bill is spent on training.

He admits, though, that Citroen is only part of the way along the product replacement path. The intention is to have four families of cars in place by the early 1990s, after which time the range will be kept up-to-date by frequent renewal.

The four families, starting at the bottom end of the range, are the AX, the Visa, BX and CX. The 2CV is a special case — "like the Volkswagen Beetle," according to Mr Calvet — and will continue to be manufactured while there is demand but will not be replaced.

However, Mr Calvet insists Citroen will not abandon the market for small, inexpensive cars at the bottom of the range.

So far, Citroen has launched the BX and the AX while the CX replacement is predicted to appear late next year or early in 1989.

Thus the bulk of the company's investment in the foreseeable future will be concentrated on product replacement. Mr Calvet points out that much of the FFr 8bn Peugeot group investment in 1987—roughly 8 per cent of turnover—will go towards the introduction of components, such as gearboxes and engines, for use by both Peugeot and Citroen.

However, Citroen will take responsibility for the FFr 4.03bn investment this year, or more than 10 per cent of its sales.

The total Peugeot group spending on production facilities will be doubled to FFr 1bn in order to increase both capacity and flexibility. Mr Calvet says the group's intention is to be able to produce 2m cars a year in the early 1990s and "to produce cars the customers order, not cars our planning departments think customers will order."

To achieve the flexibility to match volatile demand, Peugeot-Citroen must have the capacity to produce 2.5m cars a year on normal two-shift working.

Citroen's car output this year should rise from 625,000 to about 700,000. The com-

pany's European market share last year improved from 4.3 to 4.6 per cent even though its position in France slipped from 12.8 to 11.9 per cent.

Six years of losses have left Citroen's liquidity, financial structure and balance sheet in a poor state, says Mr Calvet: "This is not an urgent problem but we want two separate companies with two good balance sheets."

Citroen's balance sheet will be strengthened, probably early next year, possibly in part from its own resources and partly with help from the parent company which is quoted on the Paris bourse.

Mr Calvet insists the company must continue to "act as if we are rich" and amortise investments aggressively, not over the long term.

Citroen will invest heavily in its distribution companies. In the UK it plans to increase market share, which was 1.5 per cent in 1985, from the current 2 per cent to 3 per cent within 18 months of the AX going on sale this spring.

The improvement in Citroen's UK position followed the introduction of the BX. However, it took three years for that model to change Citroen's image as a producer of cars dynamic and highly-advanced but not particularly easy to drive or cheap to service.

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30 Day Share	8.25%	at the basic rate of 27%	11.30%
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The Rate of Interest on all discontinued issues of Notice and Period Shares will be reduced by 1%.

All rates are subject to a maximum rate of 10.00%.

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Legal Notices

IN THE MATTER OF IC GAS LIMITED (in Liquidation)

(formerly Imperial Continental Gas Association)

AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of May 1987 to send in their full and true claims, with supporting documents, to the undersigned, I. McISAC and C. MORRIS, Liquidators of the said Company, at 25, Abchurch Lane, London, EC4N 3JW, in writing from the said Liquidators, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 28th day of April 1987.

I. McISAC
C. MORRIS

IN THE MATTER OF HERCULES SECURITY FABRICATIONS LIMITED

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

Notice is hereby given that a meeting of creditors in the above matter is to be held at the offices of Cork Gully, Archbold House, Archbold Terrace, Newcastle upon Tyne NE2 1DQ on the twenty-ninth day of May 1987 at 10.00 am to consider my proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a committee of creditors.

D. M. MIDDLETON
Administrator

A copy of my proposals may be obtained from Cork Gully, Archbold House, Archbold Terrace, Newcastle upon Tyne NE2 1DQ.

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May 12, 1987

U.S. \$500,000,000
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In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 12th May, 1987 to 12th November, 1987 the Notes will carry an interest rate of 7 3/4% per annum.

Interest payable on 12th November, 1987 will amount to U.S. \$376.94 per U.S. \$100,000 Note and U.S. \$3,769.40 per U.S. \$100,000 Note.

Morgan Guaranty Trust Company of New York
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FINANCIAL TIMES SURVEY



An historic market town in the heart of England, Banbury is hoping dynamic business growth will follow the

completion in the early 1990s of the M40 from London to Birmingham. The community is now planning ahead to ensure the most is made of this opportunity.

Very Model of self-help

SUDDENLY Banbury, idyllic English market town of nursery rhyme fame, has been pinpointed as "one of the most dynamic areas of business growth in Europe well into the twenty first century".

The claim comes from Banbury's local Tory MP, 36-year-old Tony Baldry, barrister and former personal aide to Margaret Thatcher. But it has the ring of truth.

He has been the driving force behind Enterprise Cherwell, a private sector initiative to help small business, promote new technology, create new jobs and tackle skill shortages. Baldry's Banbury seat is hardly a marginal: last time he beat Labour into third place and had a 13,000 vote majority over the Social Democrats in 1983.

But the launch of Enterprise Cherwell last month merited a visit from Lord Young, the Employment Secretary, and Geoffrey Pattie, the Information Technology Minister. Mrs Thatcher is quoted as hailing the move as "an imaginative and exciting venture".

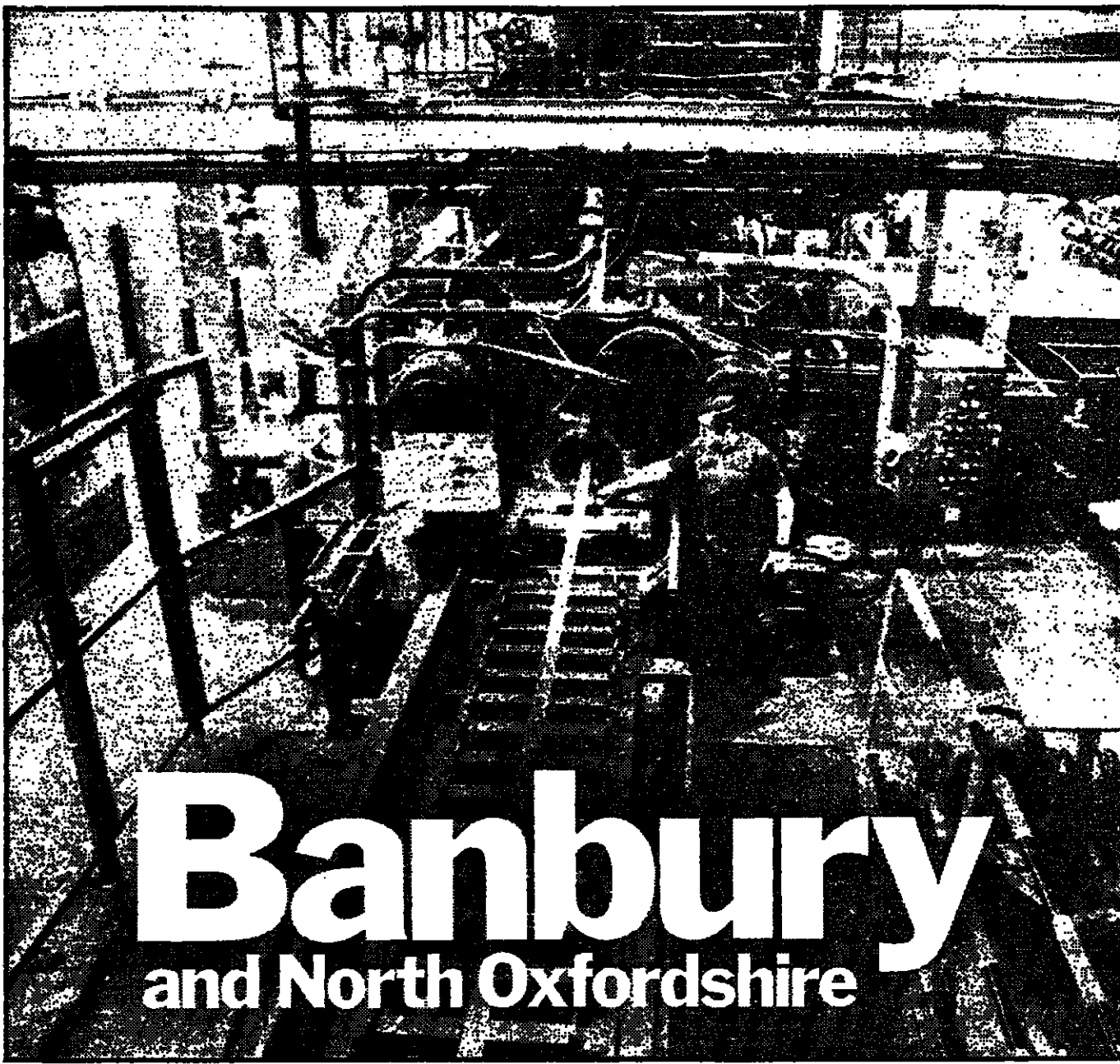
The sceptics might note that Mr Baldry has merely assembled the local captains of industry to promote a range of initiatives that might have happened anyway. But there is no mistak-

ing the vitality of the local economy where the small and medium sized businesses dominate. Norbis, the North Oxfordshire Business Venture Enterprise Agency has helped in the launch and expansion of more than 200 new firms in just two years.

Banbury is setting the pace whether through Nortec, a training agency formed by the North Oxfordshire technical college in partnership with the private sector, or pilot schemes such as "jobmate" under which middle managers of local companies volunteer to help one of the long-term unemployed find a job.

Perhaps the reason for government interest in Banbury is that it offers the very model for Mrs Thatcher's self-help Britain. Trade unions are weak and there seem to be no restraints upon economic growth in an area about to take advantage of its natural geographic advantages.

The planned £180m public sector investment in the M40 motorway will start this summer to provide a 46 mile route from Birmingham to the south of Banbury by the end of 1990. Twelve months after that the £70m 11-mile link through to the M40 Oxford will open up the impor-



Banbury and North Oxfordshire

Extruding aluminium in the depths of Oxfordshire. Greatly improved communications could mean many other firms joining British Alcan in this expanding area.

tant Birmingham to London motorway.

Mr Jim Church, director of Banbury and District Chamber of Commerce describes it as the sort of opportunity that comes but once in a lifetime. Banbury manufacturing would gain from the speed of transport but the town itself had to ensure it acted as a service and leisure centre rather than allowing the traffic merely to hurtle past.

For Mr Church the M40 is a concept of the late 1960s and has been too long arriving. For the developers the imminent appearance of the bulldozers is a market reality. As the M40 carves its swathe through the

countryside it will open up some 100 acres for development at Bicester in the south, 125 acres at Banbury, nearly 200 acres between Leamington Spa and Warwick and 100 acres at Solihull, Birmingham.

Mr Freddie Dyer, senior partner at estate agents Colliers Bigwood and Bewlay, points to "the large and sustained growth in rent and land values that must follow. He draws attention to land prices to the south at High Wycombe which because of the M40 have jumped from £350,000 an acre to up to £500,000 in just 18 months.

Mr John Bridgeman, chairman of the newly-formed Enterprise

Cherwell and managing director of British Alcan Extrusions, one of Banbury's biggest employers, argues that the time lag before completion of the M40 gives the body breathing space to get its act together: "We do not have the money to waste. We want to get it right and ensure we are complementing and supporting rather than duplicating existing initiatives."

Enterprise Cherwell with 100 founder members plans to appoint a chief executive within about six months and is hoping contributions from the private sector will provide an annual budget into six figures.

Mr Bridgeman says Enterprise Cherwell, a company limited by guarantee, is intended to act as a think tank to provide a forum whereby a local action group can spark off initiatives and projects to stimulate economic growth and job creation.

There are plans to raise venture capital to establish a business expansion scheme for North Oxfordshire.

The need to create Enterprise Cherwell owes much to the wide catchment area upon which Banbury draws. The second largest town in Oxfordshire with a population that has grown from 21,000 in the early 1960s to

nearly 40,000 Banbury does not relate to local government boundaries.

The town nestles in the north of Oxfordshire but at the junction of seven major traffic routes which give easy access to the neighbouring counties of Warwickshire, Northamptonshire and Buckinghamshire. Banbury is the focus for thousands of people across the county boundaries.

The designation Banburyshire, used in the last century, seems more appropriate and Tony Baldry took the opportunity of introducing a private member's bill in the Commons on April Fool's Day a couple of years ago to promote the idea.

In the event the local government reorganisation of 1974 saw the old borough of Banbury lumped into the new district of Cherwell which follows the river of that name southwards through Oxfordshire to embrace Bicester and Kidlington extending almost into Oxford.

Cherwell district, a segment of Oxfordshire sandwiched between the Cotswolds and the Chilterns' embraces 227 square miles and nearly 113,000 people. The Conservative-dominated council in what is a predominantly rural area became alarmed at the rapid rise in unemployment in the early 1980s—in the Banbury travel to work area up from 5 per cent in 1979 to a peak of 13.7 per cent in September 1982.

The level of joblessness has eased back over the past two years to 9.6 per cent in Banbury and 6.3 per cent in Bicester but not before Cherwell District Council had established an economic development unit at its Bodicote House headquarters, Banbury.

The aim is to attract new companies and encourage the setting up and expansion of existing firms. The council offers a free business information service and employment grants are available for some new businesses.

Mr Terry Hughes, Cherwell Economic Development Officer, says the district has two different focuses with Banbury in the north tending to look towards the Midlands. The town saw rapid expansion in the 1960s under overspill agreements with both London and Birmingham. British Alcan and General Foods are the biggest employers but other big names include Alex Lawrie Factors, GKN and Crest Hotels. Population is projected to continue to grow by well over 10 per cent over the next decade to around 44,500.

Mr Hughes argues that Kidlington, with a population of 12,000, falls very much in the ambit of Oxford while Bicester has "a momentum of its own". Bicester in the older part of the town retains its medieval street pattern but has seen rapid expansion to more than treble in size to a population of 17,000 since the early 1960s.

This market town now has a diverse manufacturing base with electronics, printing and engineering all well represented. Further growth is projected with the population expected to increase by more than 40 per cent to 25,000 by 1996.

The unifying force for Cherwell district will undoubtedly be the M40 which will provide a new growth corridor linking Birmingham and the West Midlands in the north to Oxford and the Thames Valley in the south. Tony Baldry as the local MP is focusing attention upon the opportunities it will provide.

He takes an international perspective and points to the growth of small firms and new jobs in the US. He talks of Silicon Valley and the changing nature of work.

He enthuses about the role of Enterprise Cherwell: "We need to put the Cherwell Valley on the business map. The realities are that there is now no innovative activity which cannot be carried out right here."

Arthur Smith

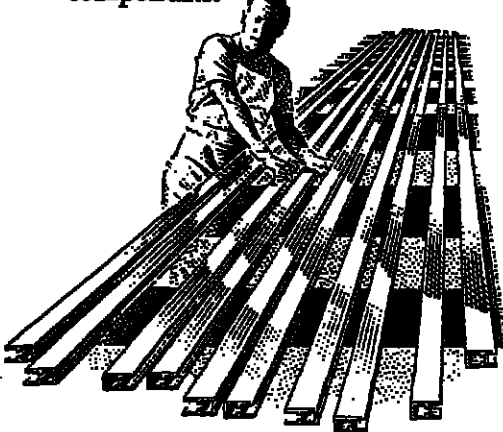
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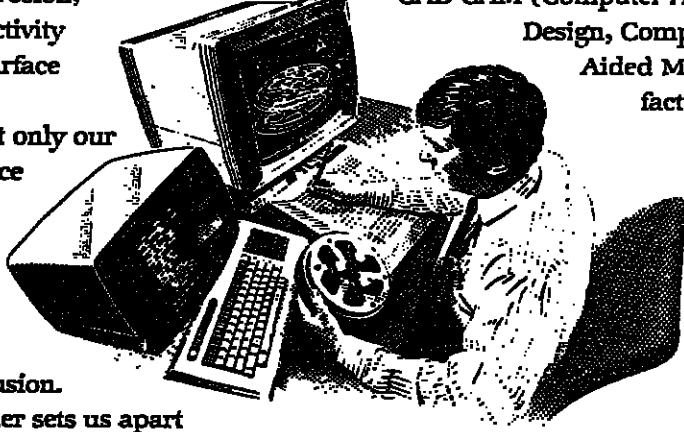
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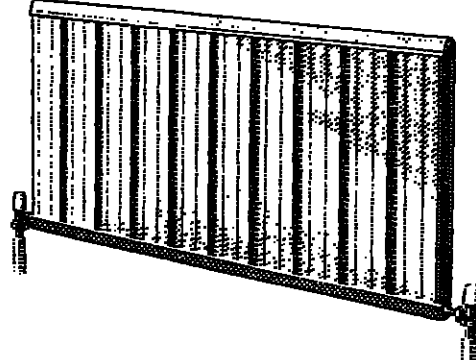
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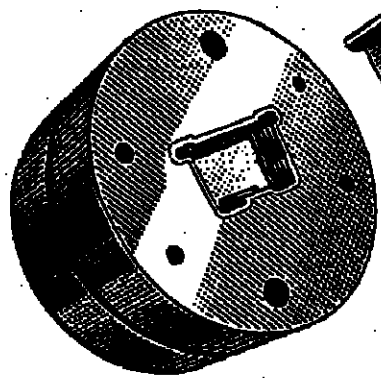
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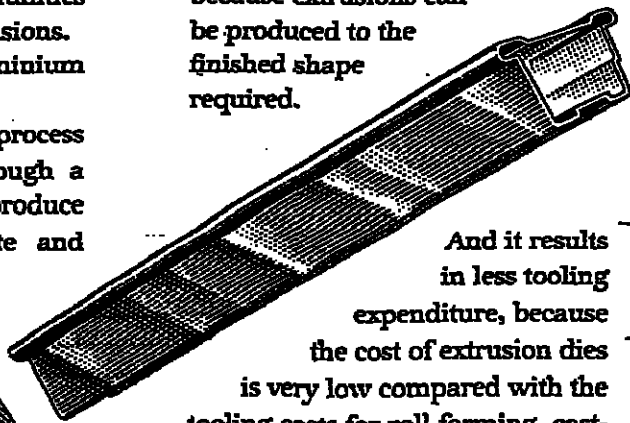
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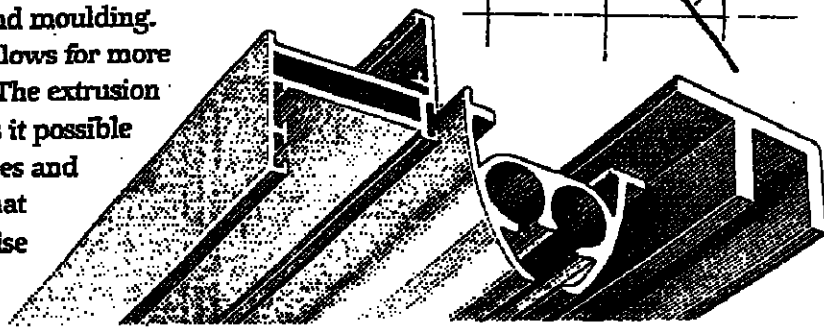
It has some remarkable advantages.

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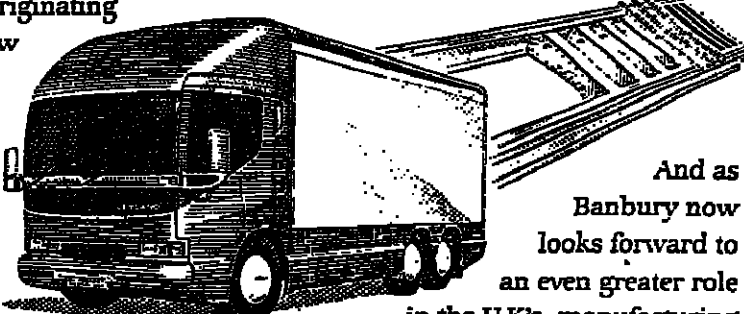
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BANBURY AND NORTH OXFORDSHIRE 3

Employment initiatives

Resolving the paradox of vacancies

A CONSTANT cause of complaint in Banbury is that the town is categorised as "the unemployment blackspot of Oxfordshire". With the level of jobless down from the 13.7 per cent peak of 1982 to comfortably below the national average, at 8.6 per cent, some would argue Banbury's problem was at worst grey. That must certainly be true of nearby Bicester with the out of work percentage down to 6.3 per cent.

But there is a passion about unemployment in this predominantly rural community that would rival anything seen in the troubled industrial cities of the Midlands or North.

Michael Mahoney, the youthful Principal of the North Oxfordshire technical college, fixes your eye: "To the 3,000 or so people in Cherwell without a job the problem is total. Many have been without work for months. There are psychological problems and great distress."

He focuses attention on the contradiction that at a time of high unemployment unfilled job vacancies are soaring. Nor are the local skills shortages confined to the specialist or high technology areas. Mr Mahoney says: "Local employers have been finding it difficult to recruit people for jobs as diverse as chefs, sewing

mechanists, machine tool setter operators and nurses."

But Mr Mahoney is one of the leading figures behind a whole range of initiatives aimed at gaining a greater match between skills and job opportunities through improved training.

As principal of the college he has done much to establish links with industry and business. Some 5,500 students a year go through the college on courses covering everything from agriculture and computer-aided design to catering and cookery.

The best illustration of the collaboration forged with local industry is provided by the Nortec training agency of which Mr Mahoney is the operations director. It came into operation in 1984 as a youth training scheme managing agent but is now a company limited by guarantee with funds both from Government and the private sector.

Mr Mahoney has worked closely with Mr Jim Church, director of the Banbury and District Chamber of Commerce to identify the manpower and training requirements of local companies. Mr Mahoney says that much of what starts life in Nortec at some stage transfers to the college. He cites the example of open learning pro-



Michael Mahoney: skills in demand

Nor, according to Mr Mahoney, do the unemployed use Jobcentres as places to identify the skills needed by the marketplace.

Nortec has therefore taken the initiative in providing a skills bureau, opened recently by Mr Brian Nicholson, chairman of the Manpower Services Commission. Progress by the bureau located in one of Banbury's main shopping parades will be watched with interest by various government departments, Mr Mahoney says.

The bureau is intended for people of all types to walk in off the street and discover what skills are needed for the local labour market and where they might get the necessary training.

It is also a "one stop" information point for employers needing information on more effective training and how they can improve their own courses. Open learning material, books, packages and tapes are available.

Mr Mahoney says counselling to help and advise about training requirements is an important part of the service. A training access point, the local computer data base, will be in operation in the bureau to enable clients to discover

quickly the local training facilities available.

It was the idea of Mr Basil Murphy, director of the British Association for Commercial and Industrial Education, a body which promotes understanding between education and industry.

Mr Murphy as a member of the Berkshire and Oxfordshire Area Manpower Board undertook personally to help five long-term unemployed find a job. For three he was successful, and argues the scheme benefits not just the unemployed but also the employer.

"I learned something about the kind of people behind the statistics, how they came to be unemployed, their problems and how they were coping. I learned about social security payments and the so-called poverty trap: about some of the reality behind the mythology."

Mr Graham Fretwell, manager of the Banbury Jobcentre, who is administering the scheme, says 35 unemployed from a wide range of backgrounds have already been counselled of which 21 had gained employment as a direct result of the assistance. Another two had gained places on work experience programmes.

Mr Fretwell reports around 10 managers from eight local companies have so far been involved in the scheme but it is planned to expand the numbers.

The time given up by a manager varied according to the case but was a valuable problem solving test and seen by the companies as a worthwhile exercise.

Mr Murphy says the scheme is a worthy example of local self-help. "I hope that Banbury businesses will not be the only ones to encourage managers to sponsor long-term unemployed people in their search for a job."

He acknowledges it might not be relevant for areas of high unemployment but suggests it could be useful in many areas of the country, such as London where people are out of work for long periods in spite of job vacancies.

Mr Murphy says he will be pressing the merits of the scheme upon Lord Young, the Employment Secretary, and to both the Confederation of British Industry and the Institute of Directors.

Arthur Smith

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Profile/Countrywide Communications

'Better than the Esher line'

THE OLD Oxfordshire market town of Banbury is among the most unlikely locations from which to set out to make a mark in public relations — perhaps of all industries the one which looks to a London address and cosmopolitan image.

But 42-year-old Peter Hehir is clear about the reason for the success of the company he formed to operate out of a rented back room back in 1978: "We have delivered the goods."

Countrywide Communications with an annual fee income of more than £2.25m has just been listed by PR week, the trade magazine, in the top 10 UK consultancies.

PR Week ranks Countrywide as the biggest operator outside London. Hehir goes further, pointing out that nationally the nine biggest concerns are either US-owned, public companies or subsidiaries of advertising agencies: "Countrywide is owned by the working directors. We are the largest totally independent British public relations company."

Imposing but with a relaxed style, Hehir is a man who scorns the PR hype. He smiles: "Clients are often surprised when they come here to see how big we are. It often pays to understate the organisation and merely demonstrate how professional is the individual."

Nor is the managing director of a group which has extended into advertising, marketing consultancy and design, has he surrounded himself with the trappings of wealth or power. His desk faces a wall in a functional office at Countrywide House, a modern but rambling complex just off Banbury high street. Group employees currently number 110 but are projected to rise in the current financial year which Hehir says will see fee annual income jump from £2.2m to around £4m.

But why Banbury? Hehir, now shirt-sleeved, rocks back in his chair and laughs: "After five years of commuting into London from Esher there had to be a better way of life."

He trained as a journalist in Scotland, spent three years in public relations in London and a similar period as news editor of the *Greenwich Star* on the receiving end I saw so many press releases worthy only of the paperbin that I knew there was a market for a professional approach.

He confesses that the Banbury

location owed much to chance though it has paid off in terms of good communications. "I was looking for somewhere between the M1 and M4. I did not think about it that much. It did not seem that significant."

Hehir argues that the staff he recruited was crucial to the growth of the operation: "There is a tremendous loyalty that you will not find in London. I am not knocking my competitors but in small community like Banbury, where staff tend to meet out of office hours, there is a lot of mutual support. We can operate as a team."

Hehir says that from the outset Countrywide went for national rather than local or regional business. "We never accepted that you had to be in London to offer the best service. Plenty of head offices are outside the capital. Banbury itself can list string of companies including General Foods, Alex Lawrie Factors and Crest Hotels."

Hehir reports the turning point for Countrywide came five years ago when, with a staff of only 20 and fee income less than a tenth of the present level, "we decided to concentrate on the things we could do best."

Prior to that the company had diversified into a number of activities, as sports sponsorship. But the salary experience was Countrywide's venture into newspaper publishing.

The company had successfully launched the *Surrey Hants Star*, a joint project with the *Guardian* through its *Surrey Advertiser* group. "With our marketing and public relations in addition to our journalistic and design staff, we established a market niche very quickly."

Two further launches in Plymouth and Middlesbrough were less successful. "It came out relatively unscathed but vowed to concentrate our resources on public relations and marketing."

Hehir confides, however, that Countrywide was a minority holding in the *Surrey Hants Star* and actually manages the newspaper. He says: "The early years were very valuable to us in learning all about business. We became much more professional."

It was in 1982 that Geoff Lye, a classics graduate from Cambridge with management experience gained at General Foods, joined Countrywide to set up an advertising service. The agency, with clients such as the Milk Marketing Board and Banks Hovis McDougall, had a fee income of £2m in 1982. It is looking to 20 per cent growth in the current 12 months.

Hehir might have curbed the desire of his journalists to be newspaper publishers but claims Countrywide Communications has one of the biggest operations for producing house magazines with some 40 titles.

For all the growth out of Banbury, the real spirit in public relations business this year has come from a new group company, Countrywide Communications (London), aimed at expansion in corporate and public affairs, technology and financial services.

Countrywide opened a London office four years ago but formed the new company to attract as chief executive and a substantial shareholder. Mr Alan Butler, chairman of the Public Relations Consultants Association and a man with wide experience in the industry.

The London operation has already doubled its fee income this year to more than £1m and Hehir plans for nearer £1.75m within the next 12 months. The staff has increased from 15 to 35 and is scheduled to rise to 55. Hehir argues strongly for the benefits that flow from applying

professional disciplines to public relations. "Rarely now do we justify our work just by adding up column inches. Increasingly we are getting agreement for very clear aims and objectives and the right to ask for them to be assessed by numerous measures, including formal market research."

Hehir advocates "intellectual rigour in a business notorious for indeterminate waffle." He adds: "Public relations delivers far better value than most of us realise."

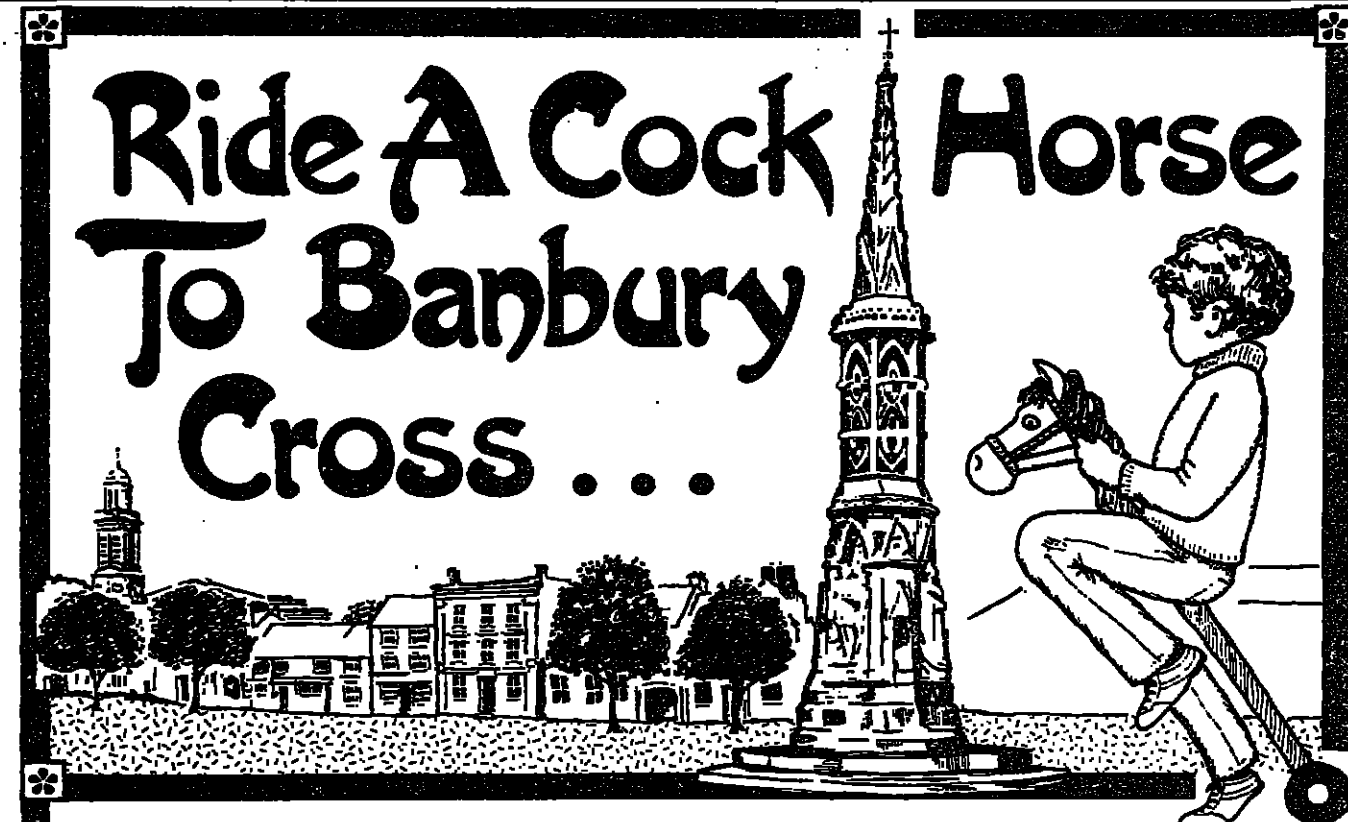
Countrywide's easy example of that was the launch which it handled of Lymeswood, the new English cheese: the demand exceeded was higher than projected and shortages quickly arose.

Arthur Smith



Peter Hehir: staff were crucial

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THE ARTS

Yorkshire Sculpture Park/William Packer

Henry Moore returns to his landscapes

There is no truer Yorkshireman than one who leaves to make his fortune, perhaps never to return. In the autumn of 1921, at the age of 23, Henry Moore moved on from the Leeds School of Art to the Royal College of Art in London. He never again lived in his native county.

Yet throughout his long life, and through all his extraordinary success, he remained absolute in his local loyalty, proud of his origins, cheerfully prejudiced in his belief in the natural superiority of the North over the unlucky disadvantaged South. "You see," he once said, "a sculptor has to be a practical person. . . you must be a workman, you must be somebody with his feet on the ground . . . (and) in England, north country people are looked upon as being very matter-of-fact, practical, hard-working people."

"And perhaps there is something about Yorkshire itself," he continued in somewhat less anthropological a vein. . . Perhaps what influenced me most over wanting to do sculpture in the open air and to relate my sculpture to landscape comes from my youth in Yorkshire; seeing the Yorkshire moors, seeing, I remember, a huge natural outcrop of stone (the Adel Rock) near Leeds . . . and also the slag heaps . . . which for me as a boy . . . were like mountains."

Just so, Henry Moore's life's work is before all else the sculpture of the landscape, of the figure which, by infinite adaptation, finds its perfect setting. This early local influence lay dormant until the fuller maturity of the artist and the practical opportunities of mid-career aroused it to conscious expression.

From that period of the late 1930s, the chance was taken to amplify scale far beyond the immediate and the domestic and to work, if possible, to the actual landscape brief. Particular works have been secured for permanent sites in open-air collections

around the world, from Scotland to Japan. In the last 20 years, a sequence of great retrospectives has sent the great mass of the work abroad into all manner of parks and gardens.

Though there have been a few such exercises here in England (the 80th birthday show centred upon the Serpentine Gallery in 1978 the most notable), there has been nothing sufficiently ambitious or extensive to capture the sweep and grandeur of Henry Moore's own ideal vision: "Sculpture is an art of the open air. Daylight, sunlight, is necessary to it, and for me its best setting and complement is nature. I would rather have a piece of my sculpture put in a landscape, almost any landscape, than in, or on, the most beautiful building I know."

How much he might have wished to realise his vision in his beloved Yorkshire is now, sadly, only to be guessed at. But realised it is, and in handsome and wonderfully appropriate measure.

Ten years ago, Peter Murray, then a lecturer at the Bretton Hall College near Wakefield, had the idea, and the commitment to push it through, of setting up a collection of modern sculpture in the grounds around the mansion.

The Yorkshire Sculpture Park was thus set up, with the active support of college and local authorities. With Peter Murray now established as its full-time director, it has proved so valued and successful an amenity and resource, national as well as local, that a £1.5m development programme is now under way, with £800,000 already committed by Wakefield itself.

Henry Moore was the Sculpture Park's first and enthusiastic Patron. In celebrating its tenth anniversary and practical coming-of-age, how right it is that he should at last come home. Henry Moore and Landscape (until August 31) is not in itself a large exhibition,



"King and Queen," bronze, 1952

but its 33 works comfortably occupy all the space currently allotted the YSP by the parent College.

Never before have so many of Moore's works been seen together to such exquisite individual advantage. The Park now begins at a long terrace, backed by a massive yew hedge, above a formal garden at a level high above the house. It is a place both private and open, an expanse of gently undulating lawn that, turning around a tree or bush, may lead into any one of several close and particular spaces.

Away from this garden, off to the right and sweeping around the flank of the house, the visitor is led across a steeper, meadow-like hillside, and so down past the Orangery

and the tennis courts to the open parkland, with its clumps of tall trees, towards the lake. Beyond the lake, the hill rises again to afford the Park as a whole the backdrop of a classical and mature, intermittently wooded English parkland landscape.

It is all very beautiful, and especially so in this Spring sunshine, the trees just taking on leaf enough to give them form, yet light and active. The College is indeed a busy, working campus, with its hostels, extensions, cars and of course its members, yet the landscape is various and vigorous enough to absorb it all, hidden by the slope or among the trees.

And it is just this capacity for natural concealment and consequent surprise that the

disposition of the works exploits, for nowhere does one work intrude or press upon another, and time after time the next work only reveals itself at the final turn. All is surprise, the unexpected aspect, the concentrated, undistracted presentation.

Certain pieces have never looked so spectacularly well. The "Large Standing Figure: Knife Edge of 1978," never until now a favourite, commands the axis from the terrace to the house, dancing high on its plinth between the trees, but it is only as we move onto that axis at the terrace steps that it springs, as it were, into sight. But the "King and Queen" of 1953 commands the show and the park from where they are enthroned so quietly on the brow of the hillside. Spectacular is not the word for it, but the setting is no less perfect for this all but life-size couple, oddly small in the company, but lords of all.

I have only one minor quibble. The earliest work in the show dates from 1938 and is in fact a huge fibre-glass amplification of a surrealist reclining figure of that year. But Moore's positive engagement with the landscape had begun a little earlier. In 1934 he had bought Burroughs, a house in Kent standing in five acres of wild meadow with a three or four mile view across the valley.

There he would set up his blocks of stone high against the distant landscape, and work upon them directly, when "against the sky against infinite distance, a small thing seems, if it has a monumental scale, to be any size." And here was the chance to do the same again to one of those seminal pieces in an ideal landscape.

The exhibition has been most generous in recent years by commissioning films like *Angel, The Draughtsman's Contract* and *My Beautiful Laundrette* — became first winner of the newly created Rosellini Prize for contributions to cinema. This is no mean honour since the jury for the prize includes Godard, Bertolucci, Fellini, Rohmer, the Tavianis and just about everyone except Prince Charles and Princess Diana.

Cannes kicks off its 40th year

When three great stars and one great director founded United Artists in Hollywood in the 1920s (Chaplin, Fairbanks, Pickford and Griffith), it was memorably said that the lunatics had taken over the asylum. Much the same could be said annually of the Cannes Film Festival. Each year the little town on the Côte d'Azur is overrun by people who would normally never be released, even for good behaviour, from the immediate vicinity of a movie camera.

This year the Cannes Film Festival is forty years old and even more crowded and manic than usual. Fireworks have gone off, champagne has been drunk and Robert De Niro was down in to open the festival. There are films and/or appearances scheduled by Fellini, Woody Allen, Wim Wenders, the Tavianis brothers, Norman Mailer, Yves Montand, Prince Charles and Princess Diana.

Speaking of the last two, the British have done their bit for Cannes '87 by building a special new British pavilion. When I toured it shortly after its official opening by champagne-popping Robert Maxwell (who has lately announced his plan to move into movies) it seemed like a place whose idea had not quite taken, a discreet, carpeted vacuum with a few photos on the wall and a few smiling hostesses hidden behind stacks of Screen International, but in only three days' time the boys couple will be visiting and by then we shall see what true British decorative panache is made of.

The British, spurred on by winning last year's Golden Palm for *The Mission*, are hard to get away from this year in any competition. The British competition films are promised. A host of UK movies are in the side events. And Channel 4's miracle-working film supreme David Rose — who has transformed low-budget British cinema in recent years by commissioning films like *Angel, The Draughtsman's Contract* and *My Beautiful Laundrette* — became first winner of the newly created Rosellini Prize for contributions to cinema.

This is no mean honour since the jury for the prize includes Godard, Bertolucci, Fellini, Rohmer, the Tavianis and just about everyone except Prince Charles and Princess Diana.

Even movies which by rights should have nothing British about them at all, like Italian filmmaker Rosi's film of Colombian Gabriel Garcia Marquez's novel *Chronicle of a Death Foretold*, find their own way of waving the Union Jack. Starring in this strange co-production is our own Rupert Everett. He plays the mysterious wanderer who stops at a town on the river to get married, finds that his bride (Ornella Muti) is not a virgin, and precipitates murder, mystery and not a little mayhem.

This much-awaited movie, soon to open in London, is a disappointment. Abandoning the kaleidoscopic skills he showed in his best films (*Solace*

to *Glenn*, *The Mattei Affair*), Rosi's approach is dogged, linear and a little ponderous. The only touch of the bizarre, and that an unwelcome one, is Rosi's solution to the language problem posed by a mixed-national cast. Every one speaks in Spanish, except when they come within the orbit of Rupert Everett who, although playing a Spaniard, speaks English and is answered in English. Mysterious.

But strange cultural bed-fellowships are part of what one goes to a film festival for. Soviet director Nikita Mikhalkov's first film made outside the USSR (mostly) is the Italian-produced *Black Eyes*. Here Marcello Mastroianni, scattering ageless comic charms, plays a failed architect married to Silvana Mangano. Time: late 19th century. He falls in love with a married Russian woman, an Italian health spa and follows her all the way to Russia. Here his progress becomes as deliciously and mistakenly fated as Gogol's Government Inspector. Every one thinks he is a great architect come to build a new factory rather than an ageing *tsar* trailing after true love.

Mastroianni is magnificent. And Mikhalkov, throwing a whole lot of Chekhov stories into the melting pot (including *Lady With a Little Dog*), produces a nostalgic, piecemeal, but authentically funny and charming film.

Festivals, sometimes dinned by the Babel-like variety of the works they have gathered, like to twin movies whenever they can. So Mikhalkov's film about an architect was shown on the same day as Peter Greenaway's *The Belly of an Architect*. All resemblances between the movies, however, end with the fact of their heroes' profession. In Greenaway's film, far and away the best of his three features so far, Brian Dennehy is the American building designer hurrying into Europe at full tilt ("What a way to enter Italy," he gasps as he and his wife climax in a sleeping

car) to mount an exhibition in honour of his hero, French architect Etienne-Louis Boullée. But stomach cramps herald cancer; the exhibition runs into trouble; his wife betrays him with an Italian (Lambert Wilson); and Rome proves a place as layered with cryptic allusions and mortality as the stately home in *The Draughtsman's Contract* or the zoo of *A Zed And Two Noughts*.

Greenaway's compositional élan is astounding. Virtually every shot has a jewelled symmetry, further enhanced by cameraman Sacha Vierny's lighting. And visual richness joins forces with a far subtler density in the dialogue than before (farewell, the dotted parenthesis of *Zed*) and with the emergence, at last in the British director's work, of human beings rather than humourous as central characters. Dennehy creates a figure of monstrous egotism and despair: a tragicomic Falstaff obsessed with the place of the human stomach in art history, as his own belly, "pregnant" with death, rhymes itself with that of his wife, pregnant from their very last congress. The film's story takes place, appropriately, over nine months, and the movie is packed with enough subtlety and wit, thematic rhymes and visual splendours, to keep the film student busy for roughly the same period.

Curio corner at the Cannes festival is already recruiting some remarkable Louis Malle's warmly observed documentary about immigrant life in America, *And The Pursuit Of Happiness*; Souleymane Clisse's *Light from Mali*, a triptych of three films, each a rich image; and two wildly energetic costume films from Japan, Rentaro Mikuni's *Shinra* and Shobei Imamura's *Zeppen*.

More shortly from the festival where life seems to begin, or certainly to gather pace, at forty.

Nigel Andrews



Anthony Delon in "Chronicle of a Death Foretold"

Tate/Barbican Hall

Richard Fairman

There are times when the hand of scholarship can deal a rotten trick. As Mozart left his C Minor Mass unfinished, there has always been an argument as to how the work might have been performed during his lifetime. A number of solutions are possible, but it is not often that a modern performance goes so far as to omit the "Credo" and "Et incarnatus" altogether in the interests of historical accuracy, as they were here.

The programme claimed that the first performance of the Mass in Salzburg would have done the same. In fact, incidentally, which H. C. Robbins Landon rejected as unthinkable at the time of editing his study score. But, whatever the merits of the case, the idea leaves a couple of pressing problems if it is put into practice. First, we lose the "Et incarnatus," which is the most sublime piece in the score; and second, the leading soprano has very little to sing without it. When that singer is Arleen Auger, the result is nothing less than a crime. Anybody who came to the concert looking forward to what this ideal soprano might make of one of Mozart's most taxing and beautiful arias will have good reason to feel cheated, not least when her singing in what remained was so effortlessly radiant.

Sheila Armstrong, the second soprano, sounded positively strained by her side; and the sterling support from Anthony Rolfe-Johnson and Willard White, tenor and bass, offered only a grain of compensation.

For Jeffrey Tate and the London Symphony Orchestra, who presumably chose this version, the famed "torso" of the Mass had even less body to deal with than usual. The warmth of sonority and measured dignity, which are hallmarks of Tate's Mozart, were much in evidence, especially in movements built on majestic dotted rhythms, like the "Qui tollis." The balance between the orchestra and the London Symphony Chorus also seemed more natural than usual at this venue.

The only work in the first half was Brahms's Third Symphony. In this piece the same musicianship was at work again, but transferred to the mightier scale of the romantic symphony. Tate's style of direction can be described as a fault. Nothing is less welcome in Brahms than hard-driven energy, but there have been many conductors faithful to the spirit of the composer. Walter Furtwängler's performance, like that of the orchestra, was one of those which have built the tension up to more thrilling climaxes. No cuts here: we even had the first movement exposition repeat.

Vlado Perlemuter/Wigmore Hall

Andrew Clements

Ravel died 50 years ago. The exact anniversary, December 28, and no doubt the celebrations will gather momentum through the year, but in two recitals at the Wigmore Hall this week Vlado Perlemuter is offering his own, very personal tribute.

In 1929 Perlemuter presented all of Ravel's piano works in Paris, in two recitals, performances supervised by the composer himself. His link with that tradition remains as strong as ever as the first programme on Saturday demonstrated, though the technique may occasionally now be fallible, the spirit, enthusiasm and instinctive understanding are perfectly preserved.

For a critic who had heard no music for more than a few weeks it was a wonderfully inspiring, often moving experience. The memory of Michelangelo's fiercely perfect Ravel performances in his recital five weeks ago is still strong. Perlemuter offered his humane antithesis, replacing Michelangelo's surgical accuracy with playing of infinite nuance and suggestion, founded on a warm and ample piano sound. His interpretative points — too clinical a description often for music-making that appeared to develop out of the very essence of the music itself — were as

carefully tailored to the smaller pieces in his programme (the two *La Valse* movements of 1913) as to its grandest, the *Sonatina*, *Miroirs* and *Le Tombeau de Couperin*.

In its complete, original piano form *Couperin* is a relative rarity in the concert hall, usually reserved for surveys such as this. Under Perlemuter's unfailingly suggestive fingers it flowed magnificently, as convincing in "Noctuelles" and "Oiseau tristes" as a deliquescent pool of shifting sonorities, lines indelibly shaded, as in the stronger contours of "Une Barque sur l'Océan" and "Alborada del gracioso." And where *Le Tombeau de Couperin* may be rendered in strictly disciplined monochrome, its purpose as 18th-century homage made to take precedence, Perlemuter allowed the "certaines intenses intérieures," his own phrase, to permeate every bar, lurking behind the bravura of the *Toccata* (splendidly delivered) and the melancholy of the *Forlane*. Perlemuter gives his warm and ample piano sound, a late-night programme of new work organised by David Farfitt will also be seen under the title *Renaissance Nights*.

Actors launch

Renaissance Company

The actors Kenneth Branagh and David Parfitt who financed a production of *Romeo and Juliet* at the Lyric, Hammersmith Studio last year have founded their own company. The Prince of Wales has agreed to become patron of the Renaissance Theatre Company which aims to present both modern and classical work in London and the regions.

Financed by private investment, though investigating the possibilities of sponsorship, the Renaissance opens with the world premiere of *Public Enemy* by Kenneth Branagh at the Lyric Hammersmith on July 8. He will direct *Twelfth Night* at the Riverside Studios with Richard Briers as Malvolio and Charles Kay as Feste.

During a Shakespeare season early next year at the Birmingham Repertory Theatre Studio Judi Deuch will direct *Macbeth* with Michael Jayston, Geraldine McEwan, An Yon, and Derek Jacobi Hamlet, in which Mr Branagh will essay the title role for the first time.

John Sessions has devised, written and will perform *The Life of Napoleon* at the Riverside Studios in August, where a late-night programme of new work organised by David Farfitt will also be seen under the title *Renaissance Nights*.

Fischer-Dieskau/Elizabeth Hall

David Murray

To a rapturous welcome, Dietrich Fischer-Dieskau returned to the South Bank on Saturday with a completely different programme of Schumann songs from the one advertised. The new programme had the attraction of all-Heine texts; the loss of the op. 35 *Liederkreis* was easy to hear, and these days the Heine *Liederkreis* is probably safer for Dieskau than the Eichen-dorff one which it replaced.

It was one of those Fischer-Dieskau evenings with bursts of extreme vehemence in unexpected places, and dramatic variations of tone and timbre which almost amounted to "funny voice" turns. There were unprecedented stretches of tempo-pulling to make expressive points — always to an evident purpose, but I thought it was more than "Schöne Wiege meiner Leiden" can really take, and some of *Dichterliebe* was effectively a "Fantasy" after Schumann's *Dichterliebe*. And yet there was something to be learned from every phrase, even the oddest ones; and it wasn't ped-

gogical experimenting, but vital, personal re-creation. Hartmut Holl was a ceaselessly alert accompanist, as he had to be. His own single quirk was a penchant for dry, abrupt endings to songs. Occasionally he was almost caught off guard, and in a couple of *Liederkreis* pieces I suspected that the downward transpositions he deepened baritone requires lay uncomfortably for the pianist's fingers. The on-the-spot efforts and recoveries gave a live, nervy edge to the performances, enhancing what was anyway a quite riveting display by the great singer.

Saleroom/Susan Moore

Strong French market

The market for French 18th and 19th century drawings goes from strength to strength. At a sale of the Gilbert Levy (1883-1944) collection at the Hotel Drouot in Paris last Wednesday estimates were doubled right across the board, with exceptional prices paid for a group of drawings by Eugene Lami (1800-80). Moreau le Jeune (1741-1814).

Lami's gouache "Costume Ball at the Opera" of 1843 soared to FF2,235,000 (estimate FF2,000,000-100,000), while a typical watercolour of a London subject, a "Fête at Buckingham Palace," estimated at FF2,000,000, made FF2,100,000. A sheet of lion studies drawn from life by Moreau le Jeune in 1776 turned out to be the greatest surprise, selling for FF2,500,000.

But it was not only the lesser lights of the 18th century that found a welcome reception. A delightful Fragonard pen and watercolour drawing of an Italian villa changed hands at FF2,800,000 (estimate 300-400,000). And of the handful of drawings by or attributed to Boucher, the most highly sought after, "Le Jeu de

Colin Mallard," painted in Grisaille, fetched FF750,000. A less dramatic success was a Watteau crayon drawing thought to be of the artist Rosalba Carriera, which found a new home at FF250,000.

One of the most interesting lots on offer was a sketchbook belonging to Jacques-Louis David which relates to his monumental painting of the Coronation of Napoleon. It's sale for FF2,000,000 was preceded by the Musée de Louvre, whose collection it will now join. The top lot, however, was a fantastic pen and ink harbour scene by the Venetian Francesco Guardi which, estimated at FF2,400,000, sold for FF1.5m.

The sale, organised by the largest firm of auctioneers in France — though small by London standards — Ader Picard Tajan, was unusually well publicised in France. A dedicated group of collectors of French 18th and 19th century drawings have ensured the strength of this market in France, for a number of years. In this sale, however, a number of the top lots went to London dealers.

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Arts Guide

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Turandot, in the gaudy, exotic, powerfully dramatic production by Andrei Serban, returns with a soprano new to London (but celebrated elsewhere) in the title role — Eva Marton. José Carreras sings his first London cast, and Jacques Delacoste conducts. Further performance of the Stravinsky-Ravel double bill famous for its David Hockney designs. (240 1086).

English National Opera, Coliseum: This week two very different versions of the Don Juan legend play alongside each other in the ENO repertoire: the new production, reasonably successful, of Dargomizhsky's *Satanstoe* and Don Giovanni, excitingly conducted by Roger Norrington. Orpheus in the Underworld, also in the schedule, is more notable for the elaborate Gerald Scarle sets than for any very real sense of Offenbachian satirical mischief. (330 3161).

PARIS

Maguy Marin's ballet *Lecons de Tenebres* to Couperin's music conducted by William Christie in which light is created out of chaos and darkness; Lazzarini's *La Fille Mal Gardée* in a refreshing pastiche version. Paris Opera. (4266 5222).

WEST GERMANY

Berlin, Deutsche Oper: The week features the premiere of Hugenotten conducted by Jesus Lopez Cobo in John Dew's production with Angela Denning, Pilar Lorengar, Victor von Halem and Lemus Carlson, joining the repertoire of Der Fliegende Holländer conducted by Heinrich Hollreiter in Rudolf Soltermann's production with Kaja Borris, Marita Napier, Jose von Dam and Gard Brenneis; Der Troubadour conducted by Stefan Soltermann in Herbert von Karajan's production with Eva Randova, Maria Tereza Reinos, George Fortuna and Cornelia Murg; Hoffmanns Erzählungen with Faye Robinson and Kenneth Niegel and The Magic Flute. (3 49 61).

Frankfurt, Oper: Last performance of Jenda, in which Jura Card, Amy Schlegel, Sora Cervona and William Cochran sing the main parts. Die Entführung aus dem Serail, conducted by Franco Perro and conducted by Christof Ralfer. Sung by the Fendice Choir with Sylvia Sasa, Vincenza Sardone, Giuseppe Giacomini and Teresa Stratas. (321 0161).

Bologna, Teatro Comunale: Don Quichotte by Jules Massenet conducted by Alain Guinguet with an excellent

ITALY

Florence, Teatro della Pergola: (50th Maggio Musicale Fiorentino) Richard Strauss's *Capriccio* (sung in German) conducted by Gustav Kuhn and directed by Willy Decker with Felicity Lott singing the part of La Contessa. Josef Prochaska (Pamand), Wal Ton Groussos (Olivier), Manfred Jungwirth (La Roche) and Mariana Lipovsek (Clairon). Scenery designed by Wolfgang Gussmann and costumes by Marion Gerretz. (277 8236).

Florence, Teatro Comunale: Three Ballets. (277 8236).

Venice, Teatro la Fenice: Manuel de Falla's two-act opera *La Vida Nueva*, Schoenberg's *Erwartung* and Puccini's one-act opera *Il Tabarro*, directed by Franco Perro and conducted by Christof Ralfer. Sung by the Fendice Choir with Sylvia Sasa, Vincenza Sardone, Giuseppe Giacomini and Teresa Stratas. (321 0161).

Bologna, Teatro Comunale: Don Quichotte by Jules Massenet conducted by Alain Guinguet with an excellent

MUSIC/MONDAY, OPERA AND BALLET/TUESDAY, THEATRE/WEDNESDAY, EXHIBITIONS/THURSDAY, A SELECTIVE GUIDE TO ALL THE ARTS APPEARS EACH FRIDAY.

cast: Ruggero Raimondi (alternating with Michelangelo), Margaret Zimmerman/Maria Senn and Osvaldo di Credico. (329 896).

Milan, Teatro alla Scala: A new production of *La Fille Mal Gardée* (choreography by Spoor) conducted by Claudio Abbado. (329 896).

Rome, Teatro dell'Opera: A revival by Alberto Fassano of Luciano Visconti's 1964 version of Mozart's *Marriage of Figaro*, using the original sets and costumes, conducted by Gustav Kuhn. The cast includes Anne Sophie von Otter (alternating with Diana Montague), Alessandro Corbelli (alternating with Thomas Hampson), Claudio Desderi and Adelina Scorselli. (481 756).

Naples, Teatro San Carlo: Ettore Fierontino, directed by F. Lippa. More than 40 works by Balanchine, Robbins, Peter Martins and other choreographers will be part of the two-month-long 80th season, including two new works by Balanchine set to music by Handel and Michael Tuck. June 28, Lincoln Center (876 5570).

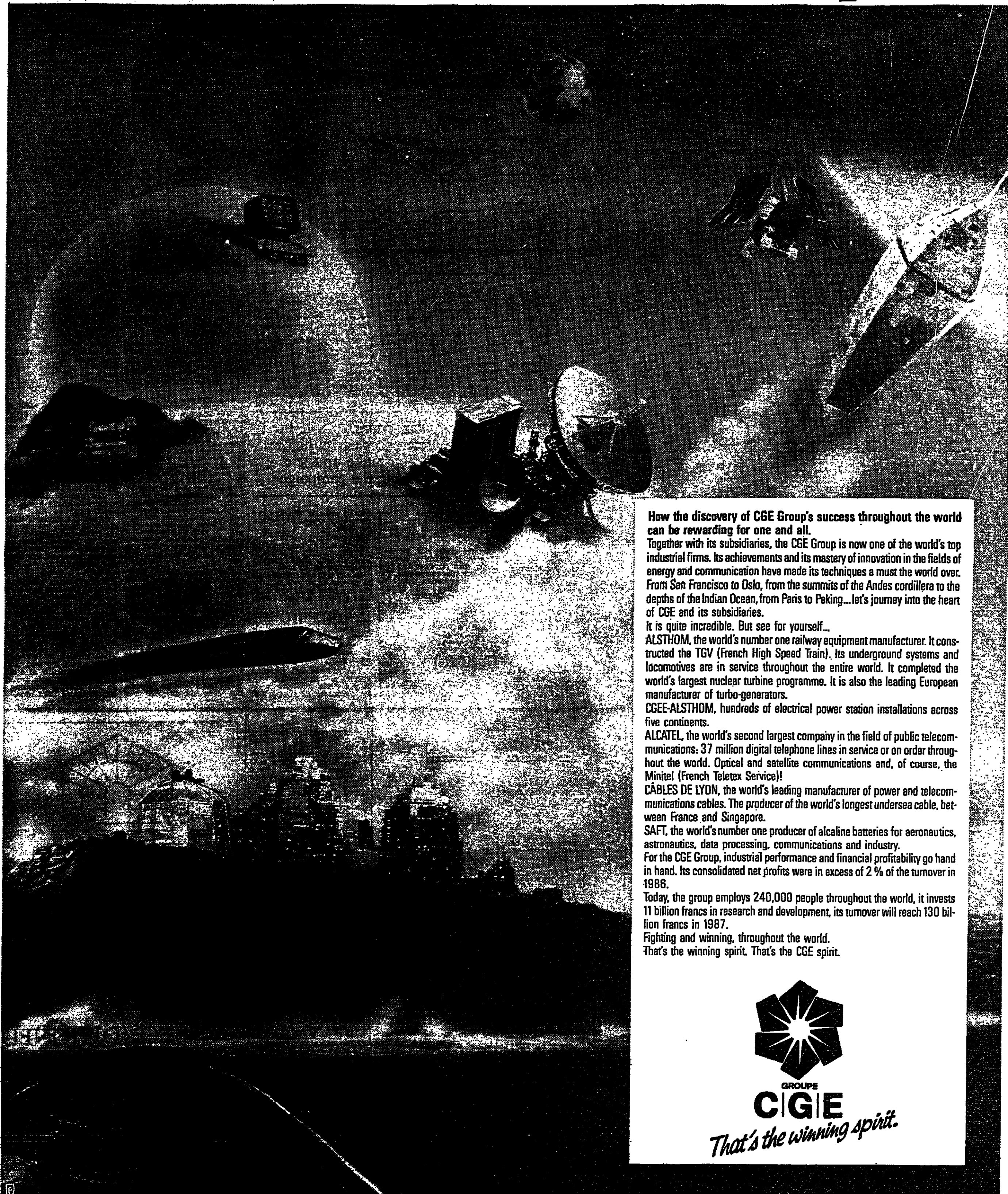
WASHINGTON

Turkish National Folk Dance Company (Concert Hall): Eastern and Western in America at work on an old civilisation at the crossroads of cultures. (Mon) (254 3776).

Mark Morris Dance Group (Tarrace): Contemporary group doing the work of its choreographer and leader, Mark Morris, who has been compared to Twyla Tharp. (Thurs) (254 9895).

The National Ballet with Before Nightfall (Christie/Martini), Corps

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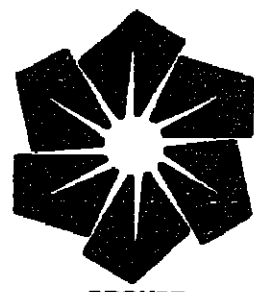
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Tuesday May 12 1987

Offering a real choice

AT FIRST sight Mrs Thatcher's decision to call for a dissolution at this point, with nearly a year of her elected term remaining, and some business unfinished, falls into the same opportunistic series as Mr Wilson's unsuccessful attempt to catch a favourable eddy of public opinion in 1970, and her own highly successful enterprise in 1983.

However, what Mrs Thatcher achieved last time, thanks to the pro-government sentiment after the Falklands war, was simply an extension of her first term.

Her domestic policies were still seen as so unpopular that virtually no new departures were offered. It is only now, after some years of economic recovery, that she feels able to put the really important question to the voters: do they want the Thatcher revolution extended, and in some sense completed?

Decisive debate
 The opinion polls suggest that radical policies have enough support to be put through (though nothing like majority support), and the City appears to have no doubt at all about the verdict; but it is surely much too early for certainty.

If the Conservative manifesto is as radical as is promised, then Mr Neil Kinnock may get what he is already loudly demanding: an election fought solidly on real policy issues. Since the polls show that very many voters are still hesitant, the policy debate could be decisive.

It is a sign of how far Mrs Thatcher has succeeded in setting the terms of the national debate that Labour has, except on one issue, been forced back on to what is essentially a defensive strategy. It is stressing responsibility in its fiscal proposals; in place of nationalisation there is a proposed public sector investment bank to supplement the markets in allocating capital. The trade unions will lose some of their present disabilities, but some of the Thatcher reforms are now accepted.

If Labour's policies were

limited to these objectives, together with some redistribution and a firm dedication to the public services, it could be said that it is now Labour which is appealing to the normally conservative instincts of many voters—to their distaste for too much change.

However, Labour's defence policies ensure that it will itself be seen as unacceptably radical by such voters; so that it is ironically the Alliance, despite its claims to break the mould, which will most squarely appeal to the quietest vote. Indeed, this is now more or less explicit. Despite its own highly detailed policies, the Alliance is offering itself as a restraining influence.

London factor

The greatest danger to a campaign which could do some credit to the democratic process is perhaps Mrs Thatcher herself—or rather the very strong feeling for a return to the increasingly authoritarian style and the Government's excessive attachment to secrecy are genuine issues. It will be a tragedy if these factors divert attention from the policy choice the country now faces.

On the Labour side, too, there are important subsidiary issues—the threat of what is becoming known as the London factor, a mixture of extreme left enmity and an obsessive stress on minority issues. The party enters the campaign still fighting some constituency organisations on their choice of a candidate, and no doubt wishing that it could disown some more.

The more clearly the question is put, the more the Conservatives will be able to claim real democratic legitimacy for the revolution they want to push through—and the more permanent it is likely to prove if they win the right to do so.

A 'cold shoulder' for the Panel

THE THATCHER Government is going as far as it can to integrate the rules governing the conduct of takeovers in the UK into the framework of investment law, without taking the final step of giving them statutory backing. The question is why it is seen to be so important to keep the Takeover Panel as a non-statutory body, and whether this compromise can be effective in a market where the old club rules have lost their force.

The need for reform has been highlighted by a number of bid battles in the past year or two—most notoriously the fight for Distillers—in which a number of top City firms ignored the letter as well as the spirit of the Takeover Code. Regulation, which requires the active support of the people being supervised, appeared to be breaking down visibly. Strong arguments for change have been coming from the left but also from within the City and the Treasury.

Badly needed

They have been resisted, at least for the time being, and not just for doctrinaire reasons. On practical grounds, any major change would be seriously inconvenient in that primary legislation would be required to modify the Financial Services Act, which is only just finding its way into the statute book and which is badly needed. More fundamentally, there remains the conviction that an independent body can be much more flexible and speedy in its decision-making than a statutory agency, and that it can be given a wider remit. Takeover fights can be very dirty indeed in the US, where the main job of the Securities and Exchange Commission is to make sure that disclosure provisions are followed and time constraints observed.

The fear is that if the Takeover Panel were to be incorporated fully into the Securities and Investments Board, there would be no hope of finality in contested bids. Frustrated losers would appeal their case all the way up to the House of Lords. And those who felt they had lost money as a result of

the rules being broken would sue the intermediaries which they held to be responsible under Section 62 of the Financial Services Act.

So the new system is to be built on all kinds of delicate, not to say artificial, relationships. The idea is to go as far as possible to make sure that all approved investment businesses should follow the Code without actually making it a rule for them to do so. There is even to be a kind of official ball-balling system, to prevent approved practitioners from acting for people who have shown themselves willing to ignore the Code. This is described, with a straight face, as "the cold shoulder."

Clearer picture

Overall, it looks as though the main sanction against breaches of the Code will be that they will reflect on whether firms should be judged fit and proper to continue in business under the Financial Services Act. In extreme cases, they could be shut down.

Coupled with other recent changes, this should make merchants and bankers think twice before they cut corners in future. Perhaps the most important recent development is that the Panel has been able to get a much clearer picture of who has been buying what from whom, thanks to the Stock Exchange's more transparent trading system. The Panel's governing body has been beefed up considerably, and its ability to investigate breaches of the rules should be much strengthened by yesterday's proposals.

Yet it is hard to escape the view that the stakes in the takeover game have become too high to make this compromise work. Other problems, like the use of anonymous offshore names, are still to be tackled. Maybe it is worth having one more go at bringing up to date a system which has worked well in the past, and it could be that the pendulum is now swinging away from the extremes of the Distillers case. But does anyone really believe that the cold shoulder rule will still be in force, say, five years from now?

THE FORMAL confirmation yesterday of a June 11 general election was almost an anti-climax. But, despite the confidence of the financial markets and the bookies in a Tory victory, it is not a risk-free strategy.

Prime Ministers can misread public opinion. This century they have been wrong in their timing of general elections as often as they have been right. There are, for the Government, uncomfortable parallels with 1970, as well as with 1983. As Labour's Mrs Barbara Castle recorded in her diaries at the time, "Now all five polls put us in the lead. The borough election results were far better than we had dared to hope and if we went to the country now we ought to get a majority of over 20." She wrote this about the attitude of Prime Minister Harold Wilson on the eve of his decision to seek a unprecedented third term by calling a June election—which Labour unexpectedly lost.

Memories of this defeat explain the caution of Conservative leaders. Nevertheless, the party starts the campaign as the clear favourites to retain power. Recent opinion polls and last Thursday's local elections have pointed to an overall Tory majority in the House of Commons of at least 20 to 30, and possibly of over 100. This compares with a current margin of 136 at present.

Yet for all the obvious similarities of mood with 1970 the Tory position now is more favourable than Labour's then, when the apparent and, as it turned out, misleading change of opinion was sudden. Labour has only led a small opinion poll lead over the opposition for just over a month before it decided to call the election.

This time the Tories have been in the lead for nearly six months. But in 1983 they had been ahead for over a year and their lead was larger. In the week the election was called then the Tories' average rating was 47.5 per cent, with Labour 32.5 per cent and the SDP/Liberal Alliance at 18.8 per cent. The comparable figures now are the Tories at 42 per cent, Labour at 32 per cent and the Alliance at 24.5 per cent.

These differences could be crucial since much can change during a campaign. With a decline in public consent to particular parties, not only voters more volatile in their preferences but a higher proportion make up their minds during the course of the campaign itself. For instance, in 1983 Labour's Labour support both fell by about 4 percentage points during the campaign, to the Alliance's benefit. This is more than double the average change in each party's vote in the month up to polling day in 1983.

Moreover, more than a quarter of the electorate now claim to have left their final voting decision until the campaign, with nearly a third having seriously thought of changing their voting intention.

All in a day's work

Every day could be a holiday in the Civil Service if the CPSA clerical staff union has its way.

Against the better judgment of the union's leadership, the CPSA conference at Blackpool yesterday voted to try to negotiate special paid leave for minority groups observing festivals such as Diwali and Yom Kippur.

Anticipating accusations that this would unfairly mean extra holidays for non-Christians, John Entwistle, Labour delegate who proposed the move, said: "If you are a sincere religious believer, you are not going to run away to Bunnings for a couple of days instead of celebrating Christmas."

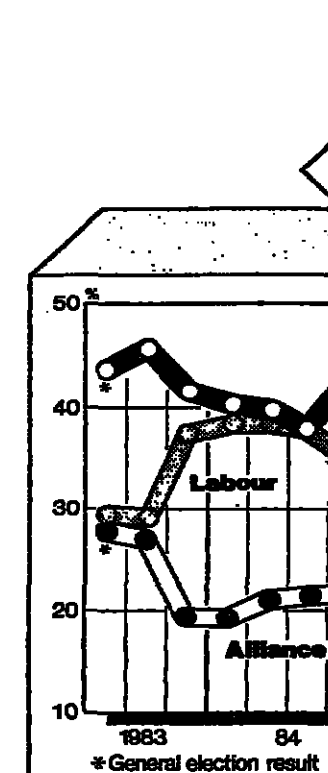
What worried the leadership, though, was the scope of the plan. There are 43 different ethnic minority groups working in the Civil Service, many of them with festivals tied to no fixed date. Much of the calendar could thus become optional paid leave for one group or another.

Bird in hand

Peter Wood was scrambling around the Globe Theatre building site on the City's south bank last week hoping to catch sight of a redstart—a rare feathered visitor. He had been tipped off by some birdwatching friends of his at the Bank of England.

But Wood is also adept at watching shy specimens at the Bank. He has just been appointed general manager and treasurer of Barclays Bank, a post which makes him "Mr Base Rate" at the clearer which usually leads changes in interest rates—as it did last Friday.

Wood, a quiet-spoken 43-year-old, is unusual among those reaching such heights in a



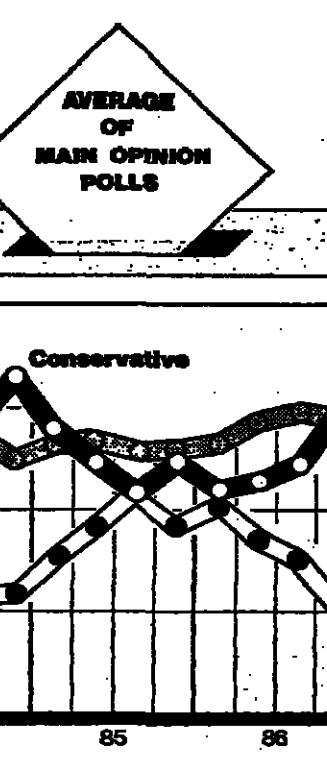
* General election result

So the campaign can matter. This is primarily a question of general image. In 1970, Harold Wilson fought what the late Richard Crossman described as a "Trust in Harold" election, dispensing with practically all policy. But the approach, backed up by Harold's comely, complacent, good-humoured mixing with the polls and local elections is lower than four years ago, and it is stuck with the recent argu-

ments over nuclear defence, black sections and the "loony left" description of the party in London and some other cities.

On the credit side, Mr Neil Kinnock is clearly a stronger leader than Mr Foot and is a more attractive campaigner. The party's organisation should be more effective and self-disciplined than in 1983.

Similarly, the party's manifesto, called "the longest suicide note in history" in 1983 by one shadow cabinet member, will this time be tighter. Specific commitments will be limited, notably to the 500 job creation programme. Despite fierce Tory attacks the party will seek to shift discussion away from sensitive areas like defence, where it is committed to a non-nuclear policy with



* General election result

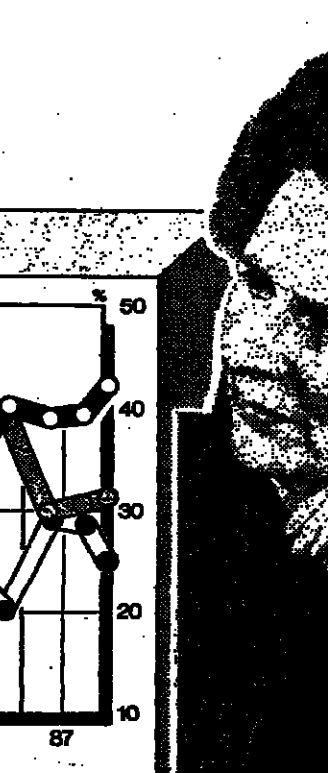
allegations by Labour of a hidden manifesto, threatening major extensions of Value Added Tax and a squeeze on the health service.

The opposition parties have the different problem of establishing credibility. Labour has a number of obvious pluses and minuses. On the debit side the party's starting position in the polls and local elections is lower than four years ago, and it is stuck with the recent argu-

ments over nuclear defence, black sections and the "loony left" description of the party in London and some other cities.

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some ambiguities over timing. It will seek to concentrate on issues like jobs, the health service, education and housing which appeal to traditional Labour voters.

The Alliance looks like starting the campaign in a stronger position than in 1983, when its rating fell for the first 10 days of the campaign. It has a more experienced constituency organisation than before, and the SDP, in particular, has put

unemployment consequences of Thatcherism and attempt to distance itself from Labour over defence and in presenting "responsible" economic and public spending policies.

For instance, it will later today reveal public spending plans which it says are the first produced by an opposition party to have been audited by an independent commercial firm.

Both opposition groups are, to some extent, better placed than in 1983, but how far can they threaten an overall Commons majority for the Tories? The basic arithmetic is clear—long as the Tories retain about 38 to 40 per cent of the total vote they should win such a majority. This would be one of the lowest percentages ever won by a governing party and considerably less than achieved by many opposition parties in the old days of two-party dominance.

But, now with the opposition vote split, the Tories can win with a lower percentage of the vote. In 1983 they achieved a landslide in terms of Commons seats with a drop of two percentage points in their total vote.

The Tories are not invulnerable. A 4 to 5 per cent switch of votes directly from Conservatives to Labour would produce a hung parliament without an overall majority. But Labour has hardly ever improved its share of the vote during the course of an election campaign.

Indeed, last Thursday's local election results showed that Labour might have trouble holding onto some seats it already holds in the Midlands.

The other threat to the Tories comes from the Alliance. But even though SDP and



Looking at the national picture after last Thursday's elections, many Labour MPs would privately be relieved to boost their current total of 209 (excluding vacancies) to between 240 and 260. And after all his efforts of the last year, the minimum advance is necessary for Mr Kinnock to show that Labour is not in terminal decline.

Alliance strategists regard a doubling of their current representation of 77 as a realistic target, though Dr David Owen has set his sights higher—on achieving a central position in a hung parliament.

These calculations would still leave the Tories, just with a small majority, and explain both their current self-confidence, but also paradoxically their caution. The Tories are aware of the danger that talk of an inevitable win could produce complacency, and a lower turnout, among their own supporters. Such a mood could also lead to a switch of support to the Alliance among those wanting to create a check on Mrs Thatcher.

Indeed, the dominant leadership style of Mrs Thatcher, and the absence of party chairman Mr Norman Tebbit, are themselves likely to be a major election issue, and will lead to an "emphasis" on a team approach.

Tory strategists also remember what happened in the West German elections last January when the large opinion poll lead for Chancellor Kohl's ruling coalition during the campaign was dramatically reduced on polling day, to the benefit of the centre parties.

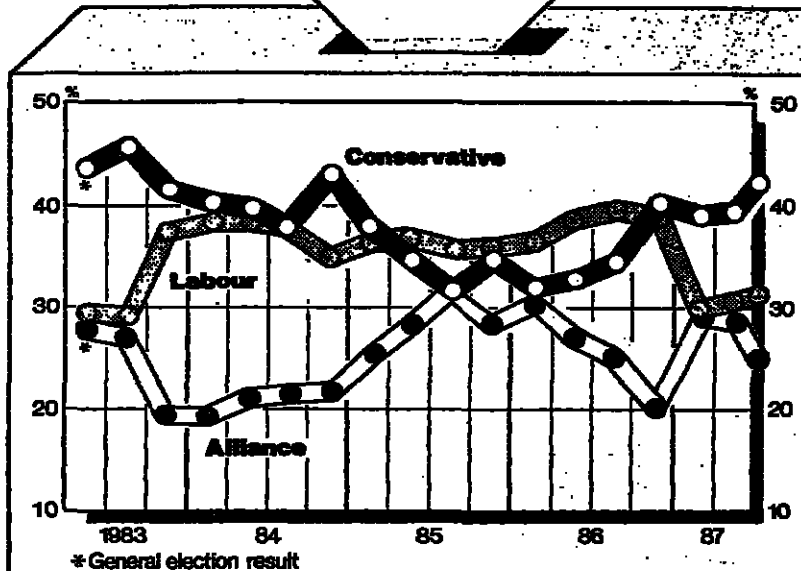
But while the opinion polls could produce a few excitement during the next month over the possibility of a hung parliament, the odds are still on Mrs Thatcher achieving an unprecedented third term.

BRITAIN'S GENERAL ELECTION CAMPAIGN

This time it is different

By Peter Riddell, Political Editor

AVERAGE OF MAIN OPINION POLLS



* General election result

Voters are more volatile in their preferences and a higher proportion make up their minds during the campaign

ments over nuclear defence, black sections and the "loony left" description of the party in London and some other cities.

On the credit side, Mr Neil Kinnock is clearly a stronger leader than Mr Foot and is a more attractive campaigner. The party's organisation should be more effective and self-disciplined than in 1983.

Similarly, the party's manifesto, called "the longest suicide note in history" in 1983 by one shadow cabinet member, will this time be tighter. Specific commitments will be limited, notably to the 500 job creation programme. Despite fierce Tory attacks the party will seek to shift discussion away from sensitive areas like defence, where it is committed to a non-nuclear policy with

sizeable amounts of money and resources into a number of target seats.

But for all this activity the Alliance is still short of making the breakthrough to where it could plausibly claim to form a government on its own.

Its aim is to win enough seats to prevent an overall majority for any other party and so to have a say in the next Government.

This will involve a fine balancing act about which party, Conservative or Labour, might be willing to reach an agreement with — thus risking alienating the supporters of the other party.

The Alliance will therefore attempt to steer a middle way. It will attack the Government for the unnecessary social and

transplant operation, performed last month but only just made public.

A paunchy chain-smoker with a disarming grin and a taste for a scrag, McGowan, who is 60, built up MCI from a tiny common carrier to the second largest long-distance company in the US, having grown up on the railroad in Pennsylvania. McGowan made it to Harvard Business School. He dogged 11-year legal battle with AT & T was the wedge that finally broke open AT & T's monopoly of the long-distance market. He is unmarried—except to MCI where he used to put in a seven-day week.

Company officials hope that McGowan will soon be back at his desk. For the moment, Orville Wright, the 66-year-old president of MCI, has been brought out of retirement as acting chief executive. Supporters hope that Wright's more cautious and systematic approach can help tackle the problems of rising costs and savage price competition in the long-distance market.

City lights

Caryl Churchill's comedy, *Serious Money*, has been attracting large audiences of City dealers to the Royal Court theatre, no doubt to ensure that the play's yuppie traders have not discovered some wrinkle that might be useful in the real post-Big Bang world.

The FT's review noted that the play has "pleasurable overtones of the Guinness affair, the Beaky business and the Halpern hype." None of which I am assured, is why the audience last night included a party from the Securities and Investments Board. The regulators' visit, I am told, should not be regarded as a works outing.

Not impressed

Heard in a Hampshire pub: "I suppose I'll vote Conservative again, but this time I'll make a much fainter cross."

Observer

Men and Matters



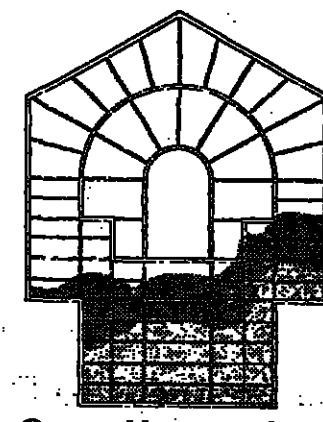
"Anywhere—anywhere—so long as we're away until June 11th."

no faith in such high technology. It is an idea culled from Britain's Victorian chemical industry in which operators watching over the hazardous process of brewing nitroglycerine in large open vats were seated round the rim on one-legged stools.

Lost leader

Things are not going well for MCI, the US long-distance telephone company which is struggling to maintain its market position against the mighty AT & T. MCI's operating profits have tumbled and its stock is not far from its all-time low.

But the greatest blow to MCI is the absence of William McGowan, the company's chairman and guiding light, who is recuperating from a heart



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Letters to the Editor

Sun Alliance backs Sun Life in confrontation

From the Chief General Manager,
Sun Alliance Insurance Group

Sir, — The confrontation between the board of Sun Life Assurance Society and its largest shareholder has been widely publicised.

My own office, because of its historical connection and ties of friendship with Sun Life, happens, with 5.3 per cent, to be the second largest shareholder. We both compete directly with each other and with all other offices transacting life business in the United Kingdom.

We have, nevertheless, given and shall continue to give our support to the board, management, staff and policyholders of Sun Life. May I explain why?

Life policyholders choose the office to which they wish to entrust their long-term savings — mostly under contracts which could be terminated only with disadvantage. The loss of life insurance premium relief or the insurability of the policyholder are but two examples. The directors of a life office are therefore, in effect, trustees for their captive policyholders and the importance of this duty in practical terms in Sun Life may be discerned by a glance at the last accounts which show policyholders' funds of £4.6bn.

Of course, any fit and proper person should be free to form and operate a life assurance company in the United Kingdom and invite the public to buy his policies; but it cannot be right for anyone to seek to gain control of large blocks of British people's savings when the policyholders cannot in practice withdraw and take their money out even if they

dislike or distrust the motives of new directors.

If a bank, for instance, is taken over, depositors who so wish can readily withdraw their cash; life policyholders usually cannot. This makes life companies improper targets for disputed takeover bids.

Of course, an additional reason why my office will support Sun Life at the meeting on May 13 is that, although it has always behaved impeccably in observing its duty to its policyholders, it has been for us, as its longest-term shareholder, such a satisfactory investment.

Geoffrey Bowler,
Bartholomew Lane, EC2.

LET NOBODY SAY WESTMINSTER CITY COUNCIL DOESN'T ALLOW TENANTS THE RIGHT TO BUY

Sir, — I strongly object to Margaret Hodge's claim (May 9) that Westminster is denying council tenants the right to buy. Such statements are absolute rubbish. All they do is perpetuate ill-founded rumour and speculation. Mrs Hodge should check the facts.

Under the council's plans to modernise the Walerton and Elgin areas in north Paddington, tenants' right to buy will be protected. Where tenants move back into their own homes once the refurbishment takes place, they will still be able to buy the property. And where

they have to move to modernised, good standard property elsewhere in the area, the discounts to which they are entitled will be guaranteed.

I represent the accusation that Westminster City Council discourages tenants from exercising the right to buy. This is an absolute nonsense. We encourage home ownership and, indeed, the Housing Minister chose Westminster to launch his renewed right-to-buy campaign this year because of our excellent record on home sales.

(Councillor) Patricia Kirwan,
City Hall,
Victoria Street, SW1.

Businesses and councils

From Mr K. Whitehead
Sir, — The letter from the chairman of the Association of London Authorities (May 9) is timely.

We hear a lot at this politically sensitive time about the antics of "loony left" councils but note should also be taken of the actions of the "authoritarian right".

As a small businessman who has been served with over 200 (two hundred) separate legal notices by Westminster City Council since April 1, concerning a possible breach of a minor planning regulation I am well aware of the bullying tactics of right wing councils.

In Westminster over 85 per cent of the rates are paid by businesses. Would it be so terrible for businesses to have a say in who is elected to local councils?

Maybe this would help to reform both the "loony left" and the "authoritarian right" at the same time.

K. G. Whitehead,
1001, Park West, W2.

Lobbying in the EEC

From Jill Ardagh
Sir, — William Dawkins' article (May 8) on EEC lobbying was welcome in its attempt to dispel the myth that lobbyists operate in a shady world of subterfuge and semi-corruption but none the less superficial in its portrayal of the lobbyist's role and work.

It called importantly to distinguish clearly between self-organised industry lobbies and lobbyists using the advice and experience of independent professional consultants. As Mr Dawkins reveals in his convincing case histories, one can perhaps be more successful than the other. An effective lobby requires a broad perspective and a thorough understanding of the Community's legislative procedures and political make-up.

I would take issue with the assumption that the consultant's work is deceptively simple. Yes, briefing notes and fixing meetings are part of our work but both these have to be based on research and experience if they are to have impact. Above all it is the

quality of information and advice provided to clients which enables them to respond effectively to developments.

As for documents, if these are to be acquired at the earliest possible time they have to be collected personally. Subscriptions to a limited number of documents exist but these arrive often months old. A secretary sitting at his or her desk would only be capable of incomplete, out-of-date monitoring. In any case, subscriptions are not necessarily selective and outside consultants can remove the drizzle from the mountain of paper issued by the Community every year.

I would also point out that all those prowling the Euro-corridors are not male and that their clients are not always industrial or commercial. Charities and other non-profit organisations also need and seek political help.

Jill Ardagh
(Associate Director),
Charles Barker Watney & Powell,
30 Farringdon Street, EC4.

Channel safety system

From Mr P. Goode
Sir, — The plethora of proposals for improved safety procedures for Channel ferry doors, continue to rely upon the human element — namely the captain and the action which he chooses to take in response to various warning bells and lights.

The glaringly obvious solution of an electrical interlock such that the main propeller drive is unable to be engaged until the doors are closed,

would. These loans are just like an ordinary house mortgage, the debt being written off over the life of the asset. This is the sort of deal that private-sector firms are applauded for, but when a council does it there is something wrong!

As to the non-repayment of the loans, Councilor Prince is assuming that his party will control this borough in 1990 and that he will be its leader, neither of these assumptions can be relied upon.

(Councillor) Gordon Prentice,
Town Hall,
King St, W6.

Applying for new issues

From Mr B. Coleman
Sir, — In view of the wish to attract funds from more modest private investors to public companies, surely it is time that the method of payment with application be changed.

Recently, practically all new issues have been heavily oversubscribed, particularly in the case of privatisation. It seems especially unfair that in the case of Rolls-Royce a minimum application of 400 shares was imposed, although even this minimum will be scaled down and no one will receive an allocation proportionate to application. Consequently where any shares are allocated, remittances will be presented for payment, although the balance will not be returned until May 18, leaving the applicant without

these funds for more than a week while someone—not the applicant—is receiving the benefit of considerable sums of money.

Would it not be fairer and simpler to request cheques to be sent with the amount of payment left blank, but endorsed with a statement: "Not to exceed £.....", limiting this sum to the maximum amount which would be required if the maximum application were fully met. This would also eliminate the necessity of issuing a very considerable number of cheques to only partially successful applicants.

B. W. R. Coleman,
Flat 4,
96-100, New Cavendish Street, W1.

Discriminatory tariffs

From Mr J. Riley
Sir, — Professor Singer (May 8) wonders whether he is being naive in interpreting EEC "warnings" to Japan that their goods diverted from the US to Europe might be subject to similar discriminatory tariffs as a sign of our lack of confidence in our ability to replace these goods in the US market with our own. I am afraid that the Professor is indeed being naive.

One of the problems in Europe as well as the US is that we have too many people studying trade problems whose

own rewards, in terms, for instance, of job security, salary and pensions, are too high by comparison with those of our people who sell, make and deliver the goods.

Unfortunately discriminatory tariffs might be necessary to recover some of our discriminatory cost burden. This is unfortunate (and it might be argued unfair to the Japanese) since these excess costs are self-inflicted.

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The US nutcracker

By Ronald McKinnon

BY VIEWING the success or failure of exchange rate policy through its effect on national merchandise trade balances, US government leaders and their economic advisers—with grudging compliance from their European and Japanese counterparts—have seriously upset the world's financial equilibrium.

The fall of the dollar to its current unduly low level of around ¥140 and DM 1.8 was actively engineered to reduce the US trade deficit. Yet it has signally failed to do this while creating severe deflationary pressure within the Japanese and continental European economies. For their currencies to appreciate above their purchasing power parities with the dollar to placate the American Government, the Bank of Japan and the Bundesbank have been obliged to follow tight domestic monetary policies that have precipitated broad declines in the domestic wholesale price indices and have reduced output growth and employment.

In addition, the threat of a further engineered fall in the dollar has begun to worry the American securities markets. Long-term interest rates on home mortgages and industrial and municipal bonds have risen sharply since late March.

How did "mainstream" economists, who have continually urged dollar devaluation to reduce the US trade deficit, get the exchange rate question so badly wrong?

After the sharp appreciations of the D-Mark and yen over the past two years, most economists expected that the West German and Japanese loss of international competitiveness would reduce their trade surpluses as conventionally measured in terms of dollars. Why weren't these direct price effects on the flow of imports and exports not strong enough?

First, their improved terms of trade meant that the Japanese and Europeans earned more dollars per unit of exports without paying any less per unit of imports.

Second, their internal deflation so depressed their demand for imports and released more goods for export that the physical volume of exports relative to imports did not fall sufficiently to offset their more favourable terms of trade. Consequently, both the Japanese and German

net trade surpluses measured in dollars actually increased in 1986 and 1987.

That these terms of trade and domestic expenditure effects offset the direct price effects (loss of German and Japanese international competitiveness) was no accident. The US trade deficit of about \$150bn to \$200bn per year is rooted in America's excessive proclivity to buy more goods and services than the US economy can produce at close to full employment. This shortage of saving in the American economy is an inexorable consequence of the structural (full

employment) deficit of, not coincidentally, somewhere between \$150bn and \$200bn in the Government's budget.

The great 1985-87 depreciation of the dollar has had, and will have, no substantial impact on this structural fiscal imbalance and consequent saving shortage in the American economy. Thus it is incapable of correcting the US trade deficit short of precipitating a major collapse of domestic investment within that country.

Newspapers are beginning to write editorials about the trade "problem" without even mentioning the fiscal deficit. Congressional debate has revolved around foreign trading practices rather than American fiscal improvidence.

Besides unfair trading practices by foreigners, American politicians have sought other "faults" in foreign economic policies to explain America's enormous continuing trade deficit despite the dollar's devaluation. One common

shibboleth is that the Japanese and European governments are failing to follow sufficiently stimulative monetary and fiscal policies.

Consider the monetary question first. Between economies whose capital markets are highly integrated, the exchange rate itself quickly reflects the relative ease or tightness of national monetary policies—and how they are expected to evolve. Since February 1985, the fall in the dollar has been engineered by higher rates of monetary expansion in the US compared to Germany and

Japan as well as by being talked down by finance ministers signalling that this difference in monetary policies would continue.

Consequently, it makes no sense to insist that the Germans and Japanese expand their money supplies and, at the same time, insist that they also maintain high values for the D-Mark and yen in the foreign exchange market. These contradictory demands put foreign officials in a nutcracker!

The correct way out is to encourage the Bundesbank and the Bank of Japan to ease their domestic monetary policies while the US Federal Reserve stands fast. Their monetary expansion will inevitably purge the D-Mark and yen down in the foreign exchanges towards purchasing power parity with the dollar, which I estimate to be between ¥170 and ¥180 and DM 2 to DM 2.1. The internal deflationary pressure in both hard-currency Europe and Japan would abate, reviving

their internal expenditures and stimulating demand.

Once the US Treasury gets rid of its mania for driving the dollar down and acquiesces in a modest appreciation towards purchasing power parity, unnecessary turmoil in the American bond markets will cease. Because the inflationary threat from continuing dollar depreciation would be eliminated, long-term interest rates on dollar bonds should come down substantially. Much needed Japanese buyers of US Treasury bonds would come back into the market in a big way.

So restoring a better monetary-exchange rate equilibrium to the world economy would greatly reduce investment uncertainty and mitigate the threat of a cyclical downturn. However, it is equally important to stress what monetary-cum-exchange-rate policy cannot do. The dollar value of the US trade deficit will remain of the same order of magnitude as the structural fiscal deficit.

If the trade imbalance is indeed a fiscal problem and not a monetary one, might it just as well be corrected by foreign governments increasing their fiscal deficits as by the American Government reducing its fiscal deficit? Certainly if the German and Japanese Governments become fiscal profligates like the Americans, the US trade deficit should decline but at the expense of creating a savings shortage and higher real interest rates throughout the world economy.

Clearly, the only satisfactory way of reducing the US trade deficit is through both a massive increase in tax revenues and cuts in expenditures by the US Government.

In the meantime, however, this fiscal imperative need not prevent West Germany, Japan and the US securing a much better monetary-exchange rate balance in the world economy. The Japanese Prime Minister's announcement earlier this month of a cut in the Bank of Japan's discount rate and the simultaneous tightening by the US Federal Reserve were steps, if modest ones, in the right direction.

The author is Professor of Economics at Stanford University, California.

Trade imbalance is a fiscal not a monetary problem

	1981	1982	1983	1984	1985	1986
(US \$bn)						
US fiscal surplus*	-78.7	-125.7	-202.5	-178.3	-212.1	-220.7
(% of GNP)	(2.6)	(4.0)	(6.8)	(4.7)	(5.3)	(5.3)
US trade balance	-28.0	-36.5	-67.1	-112.5	-124.4	-169.8
(% of GNP)	(0.9)	(1.2)	(2.0)	(3.0)	(2.1)	(4.8)
Japanese trade balance	19.9	18.1	31.5	44.3	56.0	92.7
Japanese trade balance with the US	13.3	12.1	18.2	33.0	39.5	51.5

* Year ending September 30.
Sources: IMF (US) and the Ministry of Finance (Japan)

Some international business risks are less obvious than others



Nilaparvata Lugens.

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COUNTRY REPORTS

Robert Graham looks at the problems that cannot be blamed on Reagan

Economic war cripples Nicaragua

A LINE of weary visitors waited in the sweltering heat to go through customs at Managua airport. The air conditioning failed, then packed up. Likewise the passengers' patience as Nicaraguan officials processed the triplicate entry forms with bureaucratic indifference.

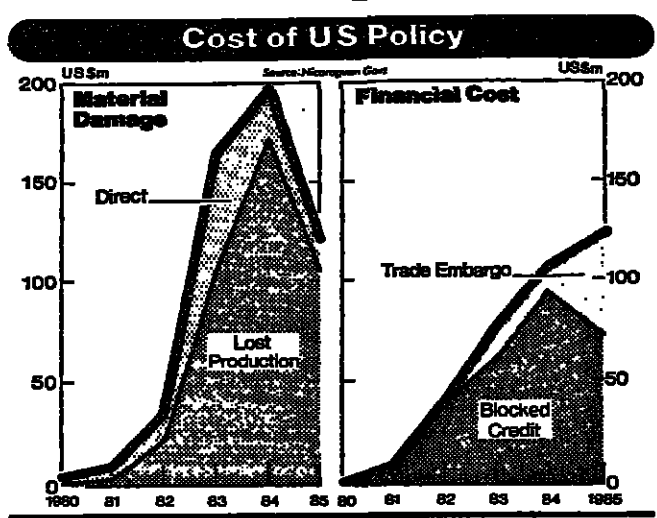
An exasperated American asked loudly: "It is our fault or theirs?" His companion, sporting a Support Nicaragua badge, replied: "Blame it all on Ronald Reagan".

All the signs - from intermittent electricity supplies and faulty industrial machinery to low productivity, great scarcity of essential goods and soaring inflation - demonstrate that the Nicaraguan economy is limping along from bad to worse. Official propaganda lays the blame for all this on President Reagan's war against Nicaragua.

However, in private, senior Sandinista officials admit serious errors of economic mismanagement since the overthrow of the Somoza dictatorship in 1979. Some worry that the daily lives of Nicaraguans are so deeply affected by the resultant ever-broadening black market and the worthless bundles of cordoba notes that economic mismanagement is the single element most likely to undermine the legitimacy of the Marxist-orientated Sandinista Government.

Undoubtedly the combination of sustaining the country on a war footing against the US-backed Contra rebels and the effects of President Reagan's trade and credit embargo on Nicaragua are profoundly damaging and disruptive. More than 30 per cent of the budget is devoted to defence and security.

Since budget receipts cover only 60 per cent of total expenditure, almost exclusively due to security expenditure, which is covered basically by printing cordobas. With compulsory conscription for 17 to 19-year-olds, and with all those up to 45 years old liable for emergency call-up, there is a serious manpower shortage. This is exacerbated by an exodus of refugees and skilled personnel from the country. Prison and foreign volunteer labour has to be used for the coffee harvest, while prisoners do many of the menial municipal jobs in the capital Managua.



The loss of the US market, which absorbed up to 70 per cent of Nicaraguan exports, has been keenly felt especially at a time of low commodity prices. The US credit embargo, which has also affected Nicaragua's creditworthiness with international financial institutions, has severely disrupted imports.

US-made spare parts can be bought through Panama with ease but there is an acute shortage of foreign exchange with which to pay for them. Thus industrial and agricultural machinery is being cannibalised or left idle for lack of replacement. Industries like pharmaceuticals are operating at 40 per cent of capacity.

A government report on the direct and indirect consequences of the US aggression for the Nicaraguan economy up to 1986 has given a figure of \$3.9bn, double the country's gross domestic product (GDP).

This sorry state cannot be attributed solely to the consequences of US policy. In part, it dates back to the ambitious programme of investments promoting state capitalism in industry and agriculture, heavy subsidies, generous social benefits and sharp wage increases introduced when the Sandinistas took office.

It was a programme more political than economic and was based on the assumption of substantial and continuous capital and aid

flows. The Sandinistas were seduced into believing in their own economic progress because the economy grew when the rest of Central America was in recession.

But this overlooked the fact that generous foreign aid and credit was no more than a launching gift with the departure of Somoza. It ignored the long delays and inefficiencies in project implementation, the inflationary consequences of subsidies and high wages, and the disincentive to the large private sector caused by a growing tangle of bureaucratic regulations.

Also brushed aside were the accumulating burden of debt and the tumbling returns from foreign trade in products like sugar, coffee and cotton.

Problems were compounded by a dogged persistence in an unreal exchange rate against the US dollar which encouraged first a currency black market, then, as demand outstripped the supply of goods, an expanding parallel economy.

Meanwhile, labour discipline was ignored - so much so that officials now concede that, up to 1984, it was not uncommon to find full-time wage-earners working only two hours a day. (It is now up to about six hours.)

The warning signals began in 1984 with inflation of 84 per cent which jumped to 335 per cent in 1985. But too little has been done

too late, leading to a further leap in inflation to 780 per cent last year.

Economic strategy has been reduced to pure survival. Since last year new investment has been halted, social spending curbed, some subsidies reduced and wages pegged. But the Government has still been obliged to print more money.

Average incomes have probably slipped back to 1980 levels and purchasing power with cordobas is so low that even civil servants can make ends meet each month only through non-monetary perks or extra jobs.

The economy has been turned into an extraordinary hybrid. Officially it is still classed as mixed, with the state controlling 45 per cent of GDP. But, while the majority of production is in private hands, the mixed economy is something of a myth.

"It is a centrally planned economy," says Mr Gilberto Cuadra of Cosep, the private sector employers' organisation. "We don't control the value of what we produce, and the Government controls access to raw materials, credit, distribution, prices and profits, plus wages."

The private sector is decapitalising but it is also making money out of restrictions because of shortages of supply. However, it is afraid to say so since the real profits come from black market sales. The parallel market today accounts for as much as 90 per cent of economic activity.

The dollar reigns supreme, especially in the cities. In the countryside the economic crisis has forced peasants back on to a barter or subsistence economy. The official rate is still 70 cordobas to one dollar, but the tourist rate is now 2,000 and the street rate more than 4,000.

The Government seems to have adopted an attitude of hopeless passivity towards the parallel economy, aware that this is the only way companies and individuals can obtain what they need. With a large Nicaraguan population in the US providing dollars to relatives and the Government recognising that there is little confidence in the nationalised banking system, no attempt has been made to mop up dollars.

Eurotunnel set for tariffs deal with state railways

By Andrew Taylor in London

EUROTUNNEL, the French Channel tunnel consortium, and the British and French state railways, BR and SNCF, were last night believed to have settled their disagreement over the charges the railways will pay for using the tunnel.

EUROTUNNEL has been prevented from concluding loan and standby credit arrangements worth £5bn (\$8.3bn) with about 40 international banks until agreement with the railways was reached.

EUROTUNNEL has been seeking to improve the terms it agreed in principle with the two railways last September. It is thought to have won a concession from the railways over the question of advance payments.

BR and SNCF have indicated during the negotiations that they might be prepared to pay between 50 and 60 per cent of projected tariffs a month in advance. This would be a total departure from the terms agreed in September.

EUROTUNNEL has also been seeking to improve the level of tariffs under which the railways would contribute around 35 per cent of the consortium's revenue over the life of the 55-year tunnel concession. In return the railways would get to use up to 50 per cent of the tunnel's capacity.

BR and SNCF have strenuously resisted attempts to raise the tariff levels, which they say should not be linked to the total cost of the tunnel but only to those elements of the scheme which directly benefit the state railways.

An agreement between the two sides, if announced today is expected to pave the way for an announcement later this month that the European Investment Bank has agreed to provide a £1bn loan facility to Eurotunnel.

This would be an important element in the £5bn loan and standby credit package Eurotunnel is seeking to arrange with international banks.

The Lords (upper house) select committee, which finished hearing petitions against the Channel Tunnel Bill just over a week ago, is also expected to report its findings within the next two weeks.

The committee is expected to have left the bill largely intact providing a further fillip for the consortium even though the bill cannot now become law until after the UK election.

The conservatives have said that the bill will resume its progress, if they are returned to power, and would be likely to be passed by the autumn when Eurotunnel plans to complete its financing arrangements with a £700m international share sale.

Reagan 'cleared plan to ransom US hostages'

Continued from Page 1

He explained how the Reagan Administration had been forced to turn to foreign donors after Congress had banned official assistance by the CIA and Defence Department for the Contras. "The President repeatedly made clear in public and in private that he did not want to break faith with the Contras," he said.

Mr McFarlane approached two allies for financial support and identified them as "country one" and "country two." He said country one was good at police training and internal security forces.

"We discussed farming out the whole policy [for funding and training the Contras]," Mr McFarlane said.

But country one was not able to help, so Mr McFarlane approached the Washington ambassador of country two. After an offer of \$1m a month, Mr McFarlane told the President who, he said, expressed "satisfaction and pleasure" at the donation.

Mr Arthur Liman, Senate counsel, then read out a memorandum dated April 11, 1985 which gave details of contributions to the FDN, a Contra fighting faction, since US aid ran out in May 1984. Of \$24.5m of aid, the memo stated that \$17.1m had been spent on arms and weapons.

In later testimony Mr Reagan's knowledge of the secret Contra funding operation became even clearer. When a Central American military commander seized a weapons shipment for the Contras, Mr McFarlane asked Mr Reagan to telephone the head of state of the Central American country, which neighboured Nicaragua, to instruct release of the weapons. Asked whether Mr Reagan did so, Mr McFarlane said: "Yes... it was a minor co-ordination of cabinet officers."

THE LEX COLUMN

Pulling in the Japanese vote

No sooner had the election date been announced yesterday lunch-time than the equity market started retreating its gains - proving once more all those stock-market tags about selling the good news. It was not, after all, a complete surprise that the General Election will be on June 11 and the discounting of a comfortable Conservative win has been pretty adequate too.

The news which emerges over the next four weeks may re-inforce that rosy expectation, though bettering it would be difficult. Conversely, the downside if, for example, Mr Thatcher's lead in the opinion polls began to weaken, is rather larger.

The gilt-edged market, much less impressed by the day's events, is perhaps a better discriminator than its equity counterpart or more probably is anticipating the £2bn of new stock coming its way. Sterling also suffered some profit-taking and the combination suggests that another base rate cut is not likely to feature early in the election campaign.

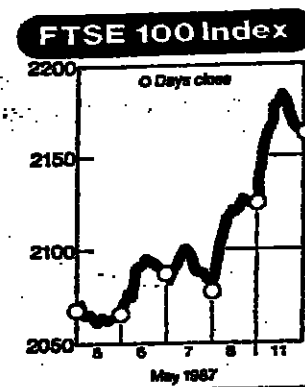
It is hard to see equities rising much more when the yield on the industrial index is a mere 2.81 per cent, surely the lowest since modern records began, and gilt yields may have little more room to fall in the immediate term.

Even this myopic market must now start looking beyond the election, and, assuming a Conservative victory, begin to imagine life afterwards. The damage being done to company profits by the strength of the pound suggests that growth rate will slow this year.

Meanwhile, the reductions in interest rates, which give little help to a corporate sector flush with cash, along with the Bank of England's selling of sterling, may have engendered a rather too accommodative monetary policy which could require correction later on. And world economic growth is slowing to a level where even outperformance by the UK will hardly be exciting.

Hopes for the continuance of a bull market are increasingly resting on the supposed interest foreign investors are about to take. It is perfectly true that the potential of the most commonly expected buyers, the Japanese, is strong enough to move the equity market substantially.

Barclays de Zoete Wedd estimates that only 6 per cent of Japanese investment in foreign equities



by over-capacity and fears of a discounting war never far away.

The promising 11.4 per cent sales rise for the first quarter goes some way to dispel such fears, especially as the company has moved from fourth to third place in European market share. With the likely rights proceeds bringing down gearing this year something comfortably over FFR 4bn should be possible, but the prospective raising of 8 is only a little cheap, bearing in mind a rising tax charge.

Rolls-Royce

The privatisation pricing dilemma has taken on a fresh twist with Rolls-Royce. The usual contortions of privatisation advisers arise in the attempt to get the best price for the Government without leaving the newly independent company at the mercy of unhappy underwriters.

This time, apparent efforts to pitch the issue tightly - angling the shares mainly at the professional investor - have been undone by the Government's concern to burnish the image of shareholder democracy before the election.

Since the odds on Conservative re-election have progressively shortened since Rolls was priced, and earlier privatisation stocks have outperformed a strong market as a result, the shareholder opinion poll has delivered a landslide subscription level.

This leaves individual applicants with the dismal expectation of a toytown allotment, insufficient even given the steep grey-market premium - to justify the dealing costs of a quick exit.

This may prove a good way to convince critics that underpricing an issue and giving away the equity cannot be quite the same thing, if the premium is unrealistic; but it could also alienate some of the stagflation vote.

Takeover Panel

Hooking the Takeover Panel up to the DTI and the SEC, as well as the Stock Exchange computer, can only be a good thing, since it should allow the Panel to get in front of the ball a little more easily, and often. But unless the panel is allowed to go head hunting, its hard-pressed executive may not have much time, in the season, to read the promised stream of incriminating telexes.

UK to boost power of mergers watchdog

BY MARTIN DICKSON IN LONDON

THE BRITISH Government announced measures yesterday to bolster the authority and investigative powers of the Takeover Panel, the self-regulatory watchdog for City of London takeovers, in the wake of the Guinness and other scandals.

The package retains the Panel's status as a non-statutory body but strengthens the links between it and the new regulatory bodies, headed by the Securities and Investments Board (SIB) which will supervise the City of London under the statutory framework of the Financial Services Act.

The SIB and the Self-Regulating Organisations it authorises will be

able to use their sanctions against investment businesses which breach the takeover code - the panel's rule book.

The SIB will also "encourage" recognised investment exchanges to adopt rules like that of the Stock Exchange, enabling disciplinary action to be taken against member firms on the basis of a Panel finding.

While these measures will impinge on takeover practitioners, who give advice to the parties in a bid, the proposal is designed to freeze out undesirable individuals or companies from the takeover scene: the SIB and the SROs

should, the review says, "adopt 'cold-shoulder' rules requiring investment businesses not to act for persons who the businesses have reason to believe will not comply with UK practice and standards in takeovers."

The proposed measures have emerged from a three-month review of the Panel by Government officials, the Bank of England, the Securities and Investment Board, the Stock Exchange and the Panel itself.

Announcing details in the House of Commons yesterday, Mr Paul Channon, the Trade and Industry Secretary, said he believed the new

system would provide for "effective and flexible regulation of takeovers."

The review has also identified a number of areas where company law or the Takeover Code - the Panel's rule book - might need changing. The Government intends to issue a public consultation document on the possible legal changes during the summer.

These include shortening the five-day deadline allowed by the Companies Act for the disclosure of stakes of more than 5 per cent in a company, and preventing the voting at general meetings of shareholders whose ultimate ownership is not disclosed.

Thatcher seeks historic third term

Continued from Page 1

meeting from June 8 to 10 and that Mrs Thatcher would attend part of the talks, probably the first day, staying overnight on Monday, June 8. Mr Nigel Lawson, Chancellor of the Exchequer, will also attend part of the time.

Opposition leaders will be quick to seize on Mrs Thatcher's talk of seeking a fourth term to suggest that she has become over-confident and arrogant. But yesterday she stressed repeatedly that a third term could not be taken for granted and she would have to "fight every inch of the way."

Mrs Thatcher has apparently told colleagues that she is hoping for a majority of about 100, as is suggested by some of the Conservative Central Office analysis of recent trends. But privately, many ministers and Tory MPs are looking for a majority of about 40 to 50.

Mr Neil Kinnock, the Labour Party leader, said the election was "to prevent 13 years of Thatcherism."

He said there was a choice between "a divided or a United Kingdom. Will Britain be a modern manufacturing nation with Labour - or will our country increasingly have to live with imports and industrial closure under the Tories? Will we have a modern welfare state with Labour, or end up with a Poor Law state under the Tories?"

Mr Kinnock said there was no chance of a repeat of Labour's defeat in 1983. Asked whether the party could close its large gap behind the Tories in the opinion polls, he recalled the party's unexpected success in defeating Winston Churchill in the 1945 general election.

He stressed Labour's campaign themes of "saving our country from industrial decline, social division

and the destruction of community services." In his statement on the calling of the election, he made no mention of the sensitive areas of defence, nuclear energy and the future of privatised companies.

The Alliance leaders said they would be seeking a share in government under the general election.

Mr David Steel, the Liberal leader, and Dr David Owen, the Social Democratic Party (SDP) leader, were interviewed jointly several times yesterday, as they will be a number of times during the campaign, in order to present a united image.

Mr Steel said the Alliance "will speak for the good sense of ordinary people. I believe they do not want the spy society which Mrs Thatcher has created, nor the British of bureaucrats and state social-

ism which Mr Kinnock offers. We shall heal, rather than divide."

Dr Owen said he thought it would be "an open election" with a thought ful electorate which would at the end give the SDP Liberal Alliance a say in government - "a national coalition which would unite the nation."

As part of their policy of projecting an image of an alternative government, the two Alliance leaders will this morning meet Sir Robert Armstrong, the Cabinet Secretary, to discuss proposed Alliance changes in the machinery of government.

The main dates before and after the election are: May 18, dissolution of Parliament; May 22, last day for applications for absentee votes, including holidaymakers; June 25, Queen's speech opening the new parliament.

Meese seeks Wedtech inquiry

Continued from Page 1

Peter Rodino, wrote to Mr McKay suggesting further investigation of whether Mr Meese may have violated federal conflict-of-interest laws.

They pointed to reports that Mr Meese had intervened on Wedtech's behalf in 1982 when he was a White House counsellor and the company was trying to win a no-bid government contract to Mr Meese's subsequent investigation in 1985 in a company connected with Wedtech and his failure to recuse himself until April 8 of this year from investigations of Wedtech by federal prosecutors.

President Reagan was quick yesterday to offer support to his close political adviser.

undertaking a "threshold inquiry" investigating Mr Meese's links to Wedtech, a move which was criticised by Democrat Senator Carl Levin as a delaying tactic.


Mr Meese, an old friend of President Ronald Reagan's from Mr Reagan's days as Governor of California, and one of the three top aides to the President in his first Administration, has been a controversial figure. Assuming an independent prosecutor is appointed it will be the second time an independent counsel has investigated his financial dealings.

President Reagan was quick yesterday to offer support to his close political adviser.

World Weather

Area	°C	°F	Area	°C	°F	Area	°C	°F
Algeria	23	73	London	16	61	Madrid	18	64
Amman	21	70	Lyons	14	57	Moscow	12	54
Baghdad	25	77	Manchester	12	54	New York	15	59
Bombay	28	82	Paris	12	54	Osaka	18	64
Buenos Aires	21	70	Rome	12	54	Seoul	18	64
Calcutta	28	82	Stockholm	10	50	Singapore	31	88
Cairo	25	77	Taipei	24	75	Tokyo	18	64
Cardiff	12	54	Tel Aviv	24	75	Washington	18	64
Chengdu	18	64	Yokohama	18	64			
Dhaka	28	82						
Hankow	18	64						
Hong Kong	28	82						
Kobe	18	64						
London	16	61						
Los Angeles	18	64						
Manila	28	82						
Medan	28	82						
Meerut	28	82						
Mumbai	28	82						
Nairobi	21	70						
Rangoon	28	82						
Reykjavik	10	50						
Singapore	31	88						
Taipei	24	75						
Tel Aviv	24	75						
Tokyo	18	64						
Washington	18	64						
Yokohama	18	64						

Readings at mid-day yesterday.
C-Century D-Dewpoint F-Fahrenheit H-Haltal H-Haltal
S-Sun W-Weather T-Temperature



The Export Credits Guarantee Department
(A Department of Her Britannic Majesty's Government)

has transacted

US \$1,000,000,000

of

Interest Rate Swaps

Kleinwort Benson Cross Financing Limited
advised ECGD and
arranged these swaps with

Bankers Trust International Limited

Security Pacific National Bank

Salomon Brothers International Limited

Lloyds Merchant Bank Limited

Manufacturers Hanover Limited

Chemical Bank

J. Henry Schroder Wagg & Co. Limited

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday May 12 1987

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FRENCH GROUP CONFIRMS RECOVERY WITH FFR 3.59BN ADVANCE

Peugeot beats earnings forecast

BY PAUL BETTS IN PARIS

PEUGEOT, the French private car group embracing the Peugeot and Citroën marques, yesterday reported higher than expected earnings of FFR 3.59bn (500m) last year. This compared with income of FFR 3.43bn in 1985 and confirms the group's recovery after several years of heavy financial losses between 1980 and 1984.

The group confirmed plans to raise fresh equity capital to reinforce its balance sheet. The equity issue is expected to involve about FFR 2bn and is likely to be launched early next month.

Peugeot has been studying the possibility of a capital-raising operation for weeks, but the timing of the issue will depend on conditions in the French financial markets. These are having to absorb a flood

of new paper, prompted by the conservative Government's privatisation programme.

Financial analysts, however, believe there could be a window for the Peugeot issue early in June after this month's floatations of Compagnie Générale d'Électricité and Havas and before the privatisation of Société Générale which is expected to take place between June 15 and June 22.

The issue would coincide with the continued improvement of Peugeot's performance, which saw sales rise by 11.4 per cent to FFR 28.5bn in the first quarter of 1986, according to Mr Jacques Calvet, Peugeot chairman.

Group sales last year rose by 4.5 per cent to FFR 105bn compared

with 1985. The group's penetration of the European market totalled 11.4 per cent last year, placing Peugeot fourth after Volkswagen of West Germany, Italy's Fiat and Ford of the US. In the first quarter of 1987 the French group has moved up to third place with 12 per cent of the market after Volkswagen, including Seat, its Spanish offshoot, and Fiat, including Alfa Romeo.

While the profit advance had been sustained, Peugeot still had to improve its net margins to bring the group closer to some leading international competitors, Mr Calvet said.

Peugeot's earnings had still not been impacted by a heavy tax burden because of the carry-forward effect of the group's heavy losses

which totalled about FFR 8bn between 1980 and 1984.

Peugeot only paid FFR 155m in taxes in 1986 and expects a minimal tax burden on income this year.

The earnings improvement also reflects continued productivity gains of about 5 per cent last year and a reduction in financial charges of FFR 822m. The group's total workforce declined last year by 11,800 to 185,000. Group debts were reduced to FFR 30.5bn at the end of last year from FFR 32.5bn in 1985.

Mr Calvet said 1986 cashflow had risen by 60 per cent last year to FFR 7.2bn from FFR 4.2bn in 1985.

Industrial investments increased to FFR 7.8bn last year from FFR 6.4bn in 1985 while research and development spending rose to FFR 3.7bn against FFR 3bn.

Baxter Travenol in fresh acquisition

By William Hall in New York

BAXTER TRAVENOL Laboratories, the big US health care group, yesterday agreed its second major acquisition in less than two years with a \$328m stock offer for Caremark, a fast growing West Coast firm specialising in home medical care services.

Baxter Travenol said it had signed a definitive agreement to acquire Caremark by exchanging \$21.33 worth of its common stock for each of Caremark's 25m shares. Caremark's shares jumped by 52% to \$204 in early trading yesterday. Baxter Travenol's shares fell by \$14 to \$234.

The acquisition, coming after Baxter Travenol's \$3.1bn takeover of American Hospital Supply in late 1985, met with a cool reception among Wall Street analysts who are concerned about the financial impact of Baxter Travenol's recent rapid growth.

Caremark, based in Newport Beach, California, also provides management and analytical systems to health insurance companies and self-insured corporations through its subsidiary, The Health Data Institute.

The company was founded in 1979 by its current chairman, Mr Jim Swensen, and has been growing rapidly.

In the 12 months to end 1986 it earned 50 cents a share on revenues of \$165m and current year earnings are estimated by some analysts at 60 cents a share.

The number of shares to be exchanged will be based upon the average market price of Baxter Travenol common stock for the 10 trading days prior to the closing of the deal.

If the average Baxter Travenol share price is less than \$20 Caremark is not obliged to complete the transaction.

Chrysler to restructure its car components division

BY JAMES BUCHAN IN NEW YORK

CHRYSLER, the third largest US motor manufacturer, announced yesterday that it was turning its automotive parts division into a separate, wholly owned subsidiary.

The restructuring of the division, which could eventually lead to a separate stock quotation, is the latest in a series of steps by Detroit manufacturers to unwind captive relationships with their parts operators.

Yesterday's announcement, though expected, raised Chrysler's stock price \$14 to \$43 in early trading. Analysts say that, by making a more visible subsidiary of its Component Business Operations division, Chrysler will increase pressure on management and labour to produce profits while an eventual sale could net the parent some \$2bn.

The new company, to be called Acustar, will "become one of the largest automotive parts suppliers in the US," Chrysler said yesterday. The business, with some 21 plants and about \$1bn in assets, had pre-tax profits of more than \$250m and sales last year of \$2.8bn. Of this only \$500m represented sales to car companies other than Chrysler Motors.

Mr Lee Ronk, president of Acustar, said that the new arrangement "will allow us to become more competitive in automotive and non-automotive ventures and to increase our non-Chrysler sales overall." Because independent suppliers can usually produce parts at prices lower than the Big Three manufacturers, there has been a growing trend towards "outsourcing" parts. Chrysler and Ford have led the

way while the industry leader, General Motors, is still assessing its policy.

By placing the parts business at a greater distance, Chrysler has an opportunity to supply both GM and Japanese manufacturers in the US which might be unhappy forming joint ventures with a competitor, Wall Street analysts say.

"The strong yen creates a historic opportunity to supply the Japanese," said Mr Scott Merlis, an analyst at Morgan Stanley. Publicly held motor parts companies generally command higher share prices in relation to their profits than the Big Three and a spin-off would give Chrysler shareholders more value. But Chrysler said it would be "premature to speculate" about a sale to the public.

Setback at Swedish group

By Kevin Done in Stockholm

ATLAS-COPCO, the Swedish mining, construction and industrial equipment manufacturer, suffered a 4.5 per cent drop in profits in the first quarter, but the group repeated its earlier forecast of higher earnings for the full year.

It said that profits should rise helped by stronger sales in the industrial and building and construction markets and the favourable impact of continuing rationalisation measures.

In the first three months of the year, group turnover rose 9 per cent to SKr 2.47bn (335m) from SKr 2.26bn a year earlier, while profits (after financial items) fell to SKr 188m from SKr 197m in the corresponding period of 1986.

New orders booked by the group rose 5 per cent to SKr 2.89bn. Atlas-Copco said that demand remained good in Western Europe in both the industrial and building and construction sectors, and that sales were strong in the major mining countries.

Last month Atlas-Copco reached agreement for the \$65m takeover of Chicago Pneumatic, the US producer of industrial tools and assembly systems which had sales in 1986 of \$180m.

Bell Canada buys stake in Memotec Data

By Robert Gibbons in Montreal

BELL CANADA Enterprises, Canada's largest telecommunications group, is buying one third of Memotec Data, the small Montreal-based communications equipment and software company which early this year won the bidding battle for Telelobe, the country's overseas communications utility.

BCE, parent of the Bell Canada telephone utility, Northern Telecom and many other companies will buy C\$147m (US\$110m) of new Memotec common shares and convertible preferred. This will give BCE a one third interest in the enlarged Memotec.

Dornier rises to DM 42.4m

BY HANS SIMONIAN IN FRANKFURT

DORNIER, West Germany's second largest aerospace company, in which Daimler Benz has a controlling 65.5 per cent stake, increased its share price to DM 42.4m (24m) against DM 33.1m the previous year.

However, Dornier's turnover rose only marginally to DM 2.12bn from DM 2.17bn in 1985, and was appreciably below the company's expectations.

Dornier, which is also active in medical and environmental technology, attributed its flat sales in 1986 to relatively slow international economic growth - affecting new air-

craft orders - and to the sharp rise in the value of the D-Mark against the dollar.

However, exports retained a stable 68.5 per cent share of Dornier's business.

Nevertheless, the strength of the West German currency, combined with a sharp fall in demand from oil producing countries, meant turnover would be unlikely to reach the same level this year, the company forecast.

Many of the customers for Dornier's small commercial aircraft were being squeezed by competition on their routes last year and were consequently putting off re-equipment orders, the group said.

But firm sales of its main product, the DO 228 propeller aircraft, increased to 105 by the end of 1986, with options or declarations of interest in a further 46.

Development work begins this year on the DO 328, which is expected to enter the market for 30-seater commuter aircraft in 1992.

Meanwhile, Dornier, a long-standing subcontractor for the European Airbus group, expects the high level of orders for the new A320 to take up some slack capacity for the A310 project.

Church's Fried rejects \$459m takeover bid

BY OUR NEW YORK STAFF

CHURCH'S Fried Chicken, the US fast-food chain, yesterday rejected an offer of \$12.25 a share in cash and stock or \$459.5m from an investor group which includes its former chief executive.

The company said the proposal, involving \$8.50 a share in cash and \$3.75 in redeemable preferred stock, was not in the best interests of shareholders. Church's is the largest chicken fast-food operation after Kentucky Fried Chicken.

The offer has set Mr David Zimmerman, chairman of Church's, against his former deputy, Mr Richard Sherman, who resigned as chief executive in February.

Teamed with Mr Sherman are Mr Stanley Faye, the company's former general counsel, and Mr Stephen Lynn, chief executive of Sonic Industries, a private fast-food franchisee in Oklahoma City.

The group includes affiliates of Shearson Lehman and Citicorp. Church's, based in San Antonio, Texas, has been the subject of takeover rumours after its earnings halved last year to \$17.3m or 46 cents a share.

Nearly half of the stores operated by the company are in the depressed US oil patch and earnings have recently been hurt by rising chicken prices.

Stone plans assets sale to cut debt

By Mike Smith in London

STONE INTERNATIONAL, the UK systems engineer which emerged triumphantly from the failed textiles manufacturing group Stone-Platt International, yesterday said it would only just break even this year and is to sell one of its most profitable companies to cut debts.

The company, one of the world's largest manufacturers of air conditioning equipment for railway carriages, is also to reduce its dividend.

Stone said it expected a recovery next year but the developments mark a sharp setback for a company which until recently was regarded as one of the outstanding successes of the Stone-Platt receivership of 1982.

Following the textile group's failure Stone International was bought by its management, including Mr Robin Tavener, its current managing director. When it was floated on the stock market in October 1984 the offer was 19 times oversubscribed.

With gearing approaching 100 per cent by this year end at the end of the month, Stone decided to sell its 75 per cent stake in Andrews Group, which makes heating, drying and air-conditioning equipment, for £20.8m. In the year to May 31 1986 Andrews made pre-tax profits of £2.4m.

First published losses for Portuguese bank

BY DIANA SMITH IN LISBON

BANCO FONSECAS o Bursay (BFB) has become the first Portuguese state-owned bank to publish its losses. For 1986 these totalled Es 3.85m (\$26.2m) compared to year-end net worth of Es 9.28m.

Mr Luis Almerindo Fernandes, chairman since June 1986, stressed that the stringent recovery measures taken last year and continued this year had paid off. The bank expected balanced books and perhaps even a small profit by the end of 1987.

The bank's efforts to shift money away from term deposits led to a 47 per cent increase in sight deposits and a 2 per cent decrease in term deposits last year.

The steady recovery compares with what the BFB chairman called the dreadful year of 1985. When, had the bank published the true figures prior to state subsidies, it would have shown a loss of Es 1.7bn - more than double the capital and reserves of Es 4.4bn.

The 1985 loss, and undeclared

losses in previous years were the result of the proliferation of new branches opened for political rather than economic criteria, gross over-manning and interest rates that were administered by political rather than market criteria.

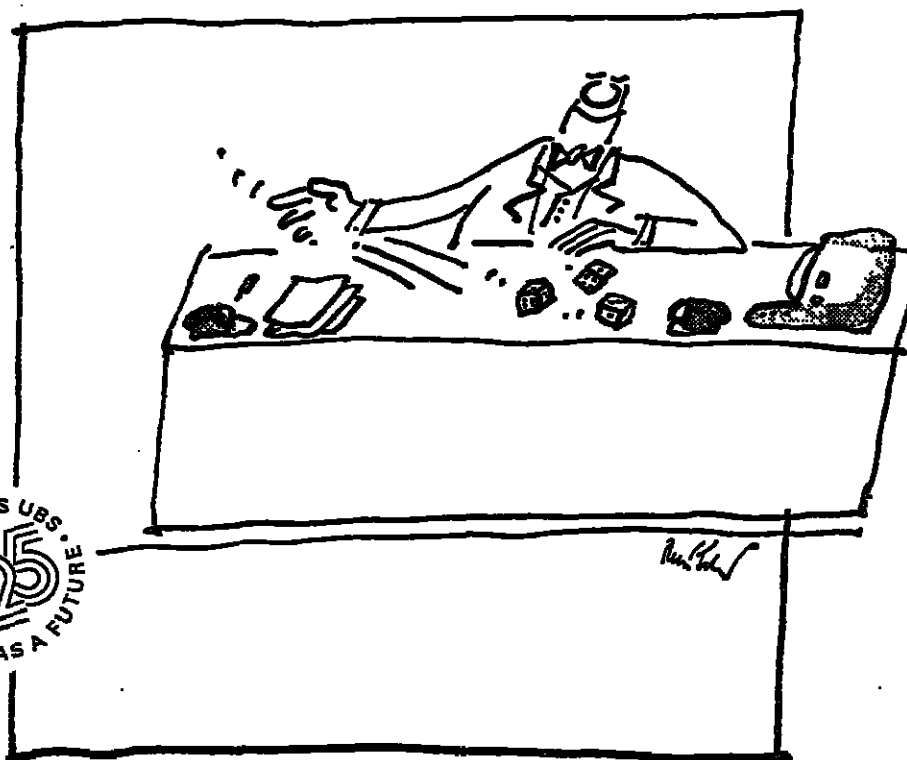
At least two other nationalised banks are likely to declare losses for 1986 when they present their accounts.

Mr Almerindo Fernandes said customers were already responding positively to the BFB's willingness to admit its losses. He felt it was beneficial to management and staff to publicly assume responsibility for the situation.

There are signs that when the Portuguese constitution is altered within the next year, probably permitting extensive privatisation, some of the smaller banks like the BFB could be candidates for sale to foreign institutions.

Mr Almerindo Fernandes hinted that, if the price was right, he would have no objection to the bank's sale.

Luck can come in many forms. Lead managers who do not support issues generally refer to it as "bad".



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Investment Banking on a worldwide scale



PAN-HOLDING
Societe Anonyme
Luxembourg
As of April 30, 1987, the consolidated net asset value was US\$299,166,214.52 i.e. US\$427.38 per share of US\$50 par value.
The consolidated net asset value per share amounted, as of April 30, 1987 to US\$452.22.

ENERGY RESOURCES & SERVICES INCORPORATED
Net Asset Value
30th April 1987
\$8.86
per share (unaudited)

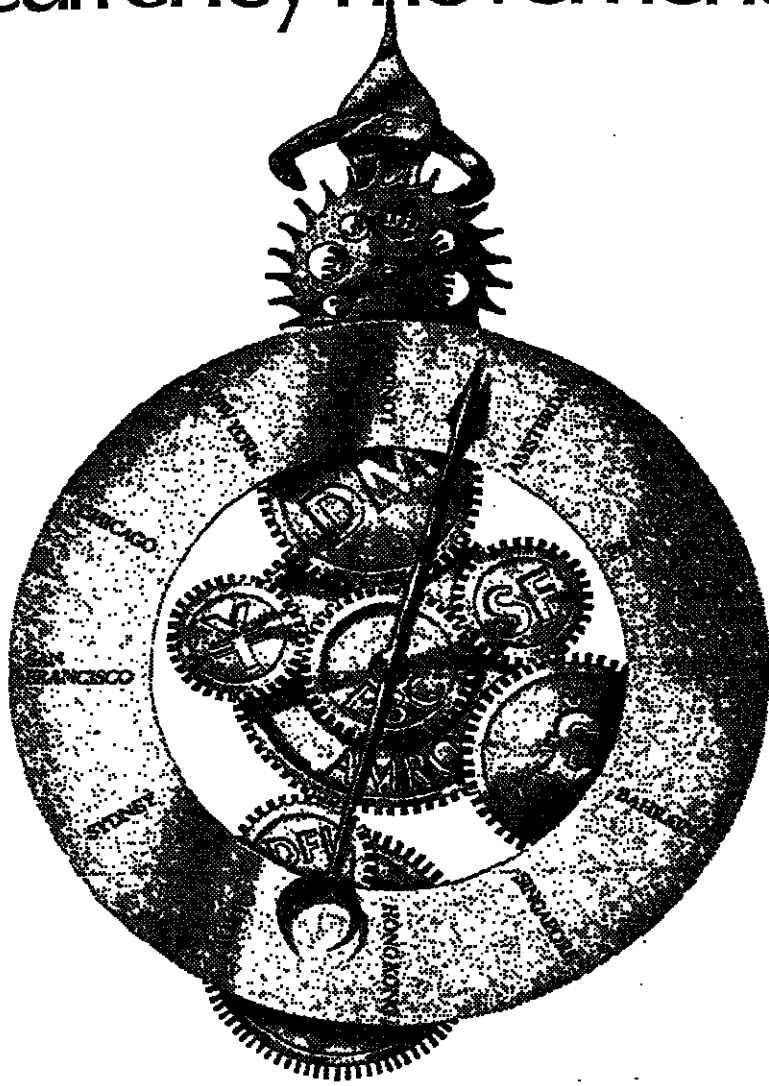
U.S. \$400,000,000
Queensland Coal Finance Limited
Guaranteed Floating Rate Notes Due 1996
Unconditionally and irrevocably guaranteed by
The Bank of Tokyo, Ltd.
of which U.S. \$306,360,000 is being issued as the Initial Tranche

Interest Rate	7.55% p.a.
Interest Period	12th May 1987 12th November 1987
Interest Amount per U.S. \$10,000 Note due 12th November 1987	U.S. \$385.88

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INTL. COMPANIES AND FINANCE

Wheeling-Pittsburgh jumps to \$33.9m in strong first quarter

BY OUR FINANCIAL STAFF

WHEELING-PITTSBURGH Steel, the big US steelmaker operating under Chapter 11 bankruptcy protection, jumped to first quarter profits of \$33.9m from \$4m in the same period of 1986.

The company said a 7.9 per cent rise in steel shipments and an extraordinary tax credit contributed to the stronger earnings, which were equivalent to \$6.20 a share against 36 cents last time. Significant cost reductions achieved since Wheeling filed for Chapter 11 in April had also contributed.

Shipments in the quarter increased to 581,043 short tons from 538,426 tons in the 1986 quarter, the company said. This was partly attributable to a work stoppage at the steel plants of its competitor USX, which ended in February.

Sales increased 16 per cent to \$255.1m from \$219.6m on the higher shipments and a product price rise of 2 per cent. Order backlog had held steady during the period and the company expected similar production and shipping levels in the second quarter.

Income before extraordinary items rose nine-fold to \$20m from \$2.2m, while credits from tax loss carry-forwards were \$13.9m against \$1.8m in the year ago period. Wheeling recorded a \$1.9m pre-tax restructuring charge in the 1987

quarter after the settlement of a dispute with Diamond Shamrock, which split into Maous Energy Corp and Diamond Shamrock Refining and Marketing on May 1.

Under the conditional settlement, which is expected to close in the second quarter, Wheeling agreed to transfer its holding in Wheeling Gateway Coal to Diamond as well as buying 1.8m tons of coal from Diamond through 1990.

Diamond agreed to reduce its unsecured claims against Wheeling from \$301.9m to \$76m.

Wheeling said this arrangement had been approved by the bankruptcy court.

Swiss corporate profits to rise 13%

By John Wicks in Zurich

THE PROFITS of 145 listed Swiss companies are likely to rise by 13 per cent this year, according to a study presented by Bank Vontobel. This compares with actual growth in 1986 of 12 per cent.

All sectors are expected to book higher earnings in 1987. Individual estimates see rises of 7 per cent for chemical companies, 10 per cent for the foodstuffs, 11 per cent for banks and 13 per cent for insurers.

Machine-building companies are seen as bouncing back by as much as 70 per cent after a 31 per cent decline in 1986.

The estimates are based on expectations of a 2.4 per cent real economic growth in Switzerland this year and exchange rates of Swf 1.60 per dollar and Swf 0.83 per D-Mark as an annual average.

The Zurich bank reckons with an average pay-out ratio of about 25 per cent in the light of "cautious dividend policy," with the total dividend sum rising by 9 per cent to Swf 4.15bn.

Vontobel also forecasts a potential increase of "at least 15 per cent in the coming nine to 12 months" in share prices. In a separate study published by the bank, the price book ratio of listed Swiss shares is calculated at only about 0.9:1 - seen as "very low in an international comparison" - with registered shares running at no more than 0.7:1.

NORTH AMERICAN QUARTERLY RESULTS

ALEXANDER & ALEXANDER Insurance Broker				MARCONY BRACE JOVANOVIICH				MAYTEL INC Toys, Games			
First quarter	1987	1986	\$	First quarter	1987	1986	\$	First quarter	1987	1986	\$
Revenue	280.5m	248.2m		Revenue	331.2m	235.0m		Revenue	211.2m	188.1m	
Net profits	14.4m	22.1m		Net profits	127.7m	17.4m		Net profits	18,500	242,000	
Net per share	0.34	0.54		Net per share	10.70	10.22		Net per share	10.02	10.02	
Loss				Loss				Loss			
COASTAL Energy				HOUSTON INDUSTRIES Utility				MEMPHIS INTL. Casinos			
First quarter	1987	1986	\$	First quarter	1987	1986	\$	First quarter	1987	1986	\$
Revenue	1,832m	1,528m		Revenue	777.2m	785.5m		Revenue	178.1m	19.4m	
Net profits	44.1m	12.2m		Net profits	57.8m	72.7m		Net profits	12.5m	25.0m	
Net per share	0.85	1.35		Net per share	0.50	0.57		Net per share	10.44	10.70	
Loss				Loss				Loss			
FRIEDMAN Truck Trailers				LOWE'S COOP. Hotels, Restaurants, Insurance				TRAMCO Energy			
First quarter	1987	1986	\$	First quarter	1987	1986	\$	First quarter	1987	1986	\$
Revenue	602.8m	630.7m		Revenue	2.11m	1.90m		Revenue	329m	1.14m	
Net profits	13.9m	5.8m		Net profits	67.1m	111.5m		Net profits	168.5m	28.5m	
Net per share	11.25	not comp.		Net per share	1.28	1.37		Net per share	12.94	2.80	
Loss				Loss				Loss			

Taiyo Kobe Finance Hongkong Limited
U.S. \$100,000,000
Guaranteed Floating Rate Notes due 1997

Guaranteed as to payment of principal and interest by
The Taiyo Kobe Bank, Limited
For the three month period 11th May, 1987 to 11th August, 1987 the Notes will carry an interest rate of 7 1/4% per annum with a coupon amount of US\$193.26 per US\$100,000 Note and US\$4,831.60 per US\$250,000 Note, payable on 11th August, 1987.

Bankers Trust Company, London Agent Bank

NACIONAL FINANCIERA, S.A.
US\$150,000,000 Floating Rate Notes due 1990
For the six months
11th May, 1987 to 12th November, 1987
the Notes will carry an interest rate of 7 1/4% per annum and
Coupon Amount of US\$398.26.
The relevant Interest Payment Date will be 12th November 1987.
Bankers Trust Company, London Agent Bank

NEW ISSUE

These Bonds having been sold, this announcement appears as a matter of record only.

APRIL, 1987

Japanese yen 20,000,000,000

CNT

Caisse Nationale des Télécommunications

4 3/8 per cent. Bonds due 1992

Unconditionally guaranteed by

The Republic of France

Issue Price 101 1/2 per cent.

IBJ International Limited

Crédit Lyonnais

Algemene Bank Nederland N.V.
Banque Bruxelles Lambert S.A.
Banque Nationale de Paris
Chemical Bank International Group
Crédit Commercial de France
Daiwa Europe Limited
Fuji International Finance Limited
Merrill Lynch Capital Markets
Mitsui Trust International Limited
Morgan Guaranty Ltd
Nomura International Limited
Société Générale
Union Bank of Switzerland (Securities) Limited
S.G. Warburg Securities
Yamaichi International (Europe) Limited

Bank of Tokyo International Limited
Banque Indosuez
Banque Paribas Capital Markets Limited
County NatWest Capital Markets Limited
Credit Suisse First Boston Limited
DKB International Limited
Goldman Sachs International Corp.
Mitsubishi Finance International Limited
Samuel Montagu & Co. Limited
New Japan Securities Europe Limited
Salomon Brothers International Limited
Sumitomo Finance International
Wako International (Europe) Limited
Westdeutsche Landesbank Girozentrale
Yasuda Trust Europe Limited

NEW ISSUE

These Bonds having been sold, this announcement appears as a matter of record only.

APRIL, 1987

Japanese yen 20,000,000,000

CNT

Caisse Nationale des Télécommunications

5 1/8 per cent. Bonds due 1994

Unconditionally guaranteed by

The Republic of France

Issue Price 102 1/2 per cent.

IBJ International Limited

Crédit Lyonnais

Banque Indosuez
Algemene Bank Nederland N.V.
Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets Limited
County NatWest Capital Markets Limited
Daiwa Europe Limited
Goldman Sachs International Corp.
Mitsubishi Finance International Limited
Samuel Montagu & Co. Limited
New Japan Securities Europe Limited
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Union Bank of Switzerland (Securities) Limited
Westdeutsche Landesbank Girozentrale
Yasuda Trust Europe Limited

NEW ISSUE

This announcement appears as a matter of record only.

May, 1987

KUMAGAI AUSTRALIA FINANCE LIMITED

(Incorporated under the laws of the State of New South Wales)

¥7,000,000,000

7½ per cent. Reverse Dual Currency Australian Dollar/Yen
Guaranteed Notes Due 1992

Unconditionally and irrevocably guaranteed as to payment of
principal and interest by

KUMAGAI GUMI CO., LTD.
(Incorporated under the laws of Japan)

ISSUE PRICE: 100 PER CENT.

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Nomura International Limited

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Robert Fleming & Co. Limited

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KOKUSAI Europe Limited

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New Japan Securities Europe Limited

Sumitomo Trust International Limited

Tokai International Limited

Universal (U.K.) Limited

INTL. COMPANIES and FINANCE

Nedbank first-half income helped by better margins

BY JIM JONES IN JOHANNESBURG

NEDBANK, South Africa's third largest banking group, benefited from a reduction in unprofitable assets and better margins in the half-year to March 31, 1987.

Interim operating income before tax and had debt provisions, but after transfers to or from hidden reserves, increased to R121m (\$60.5m) from R89.5m in the corresponding period of 1986. A virtually unchanged bad debt provision of R43.7m gave rise to an interim disclosed pre-tax profit of R77.3m against R45.2m.

In the financial year to September 30, 1986, operating income was R228.1m and pre-tax profit R105.8m. Total assets were R14.18bn on March 31 against R14bn on September 30,

and advances to customers rose to R9.16bn from R9.05bn.

Unlike Standard and Barclays, its two larger competitors, Nedbank does not disclose interest income or interest charges.

However, the bank normally derives a greater proportion of its deposits from the wholesale capital market, as a result of which operating profits are more quickly responsive to interest rate shifts than is the case with the other banks.

This explains in part why Nedbank's disclosed interim operating income rose more rapidly than those of Standard and Barclays.

The loan portfolio has been strengthened by elimination of the exposure to the troubled Triomf Fertilizer group. Nedbank placed Triomf in the

hands of liquidators who sold its factories serving domestic markets to AECI and its Richards Bay export factory to a secret consortium.

During the half-year, Nedbank acquired Finansbank, the formerly independent merchant bank and appointed Mr Piet Liebenberg, its chief executive, as Nedbank's group chief executive.

Disclosed earnings for the first half increased to 37.2 cents a share from 35.7 cents, and the interim dividend has been increased to 11 cents from 10 cents. Last year's disclosed earnings totalled 74.5 cents and a total dividend of 30 cents was paid.

Nedbank is controlled by Old Mutual, South Africa's largest life assurance company.

Strong yen blamed for 67% slide at Casio

By Yoko Shibata in Tokyo

CASIO, one of the world's largest makers of digital watches, suffered a 67.1 per cent fall in its parent company pre-tax profits in the year to March 20 to ¥4,244bn (\$39m) from ¥12,538bn a year earlier. Net profits declined by 68.8 per cent to ¥3,335bn, or ¥14.16 a share, from ¥6,070bn, or ¥26.25.

The setback in earnings was blamed on the yen's steep appreciation, as well as on narrowing margins on mature products, which accounted for 65 per cent of sales but are now threatened increasingly by competition from South-east Asian digital watch manufacturers.

Total sales also fell by 14 per cent to ¥265.17bn from ¥306.2bn. Domestic sales improved by 8.5 per cent from the previous year, but exports plunged by 24 per cent.

Electronic calculator sales fell 22 per cent to account for 29 per cent of total turnover. Sales of digital watches also fell by 24 per cent to account for 23.5 per cent of the total.

Sales of computers and other products advanced by 8.6 per cent to account for 35.4 per cent of Casio's total turnover.

Operating profits deteriorated by 51 per cent to ¥1,644bn from ¥11.7bn a year ago.

For the current year, Casio expects favourable effects from a reduction of stocks by ¥15.2bn from the previous year. This, coupled with the introduction of new products, is expected to boost pre-tax profits to ¥4bn, with net profits of ¥2bn, on turnover of ¥230bn.

Exchange loss of ¥770m hits Makino Milling

By Our Tokyo Staff

MAKINO MILLING, the large Japanese machine tool manufacturer, has reported a 79 per cent fall in pre-tax profits to ¥1,644bn (\$11.7m) in the year to March 31 from ¥8.9bn in the previous year. The steep fall in earnings was attributed to lower sales and exchange losses of ¥770m.

However, a 74.7 per cent drop in net profits to ¥790m also reflected valuation losses of ¥1.1bn on the company's shares in its US subsidiary, Makino revealed that it may suffer its first pre-tax loss in the current year to March 1988 as a result of higher foreign exchange losses resulting from the yen's steep rise. The group says it is likely to report a pre-tax loss of ¥1.2bn on sales of about ¥46bn in the current year to March 1988.

The company is cutting its annual dividend to ¥5 a share from ¥11. It plans to pay the dividend at ¥3 for the current year by dipping into profits carried over from the previous year.

Pretoria Cement edges ahead

BY OUR JOHANNESBURG CORRESPONDENT

PRETORIA PORTLAND CEMENT (PPC), the largest of South Africa's three cement makers, continued to suffer from weak demand by the building and construction industries in the half-year to March 31.

Nevertheless, cement sales rose slightly to 1.42m tonnes in the first half of the year from 1.37m in the corresponding period of the previous year. Sales were 2.92m tonnes for the year to September 30.

First-half turnover increased to R116.5m (\$108m) from

R104.6m, operating profit before interest and tax increased to R44.8m from R38.1m, and interim pre-tax profit was R44m against R38.5m. Turnover was R407.5m in the last financial year.

The directors say that the cement division's margins were reduced but that the lime division's sales and margins increased. Capital spending remains restricted to essential plant improvements and replacements and spending on additional capacity is unlikely for several years.

The cement industry as a whole is operating at little more than 60 per cent of its installed capacity and several plants remain mothballed.

Earnings rose to 58.4 cents a share in the first half from last year's 48.9 cents, and the interim dividend has been raised to 16 cents from 14 cents. In the last financial year, earnings were 116.1 cents and a total dividend of 47.1 cents was declared.

PPC is a subsidiary of Barlow Rand, the industrial and mining group.

Kumagai (HK) offer price set

BY PETER MONTAGNON IN HONG KONG

KUMAGAI GUMI (Hong Kong), the local offshoot of the Japanese construction group, has set a price of HK\$2.50 on the 67m shares it is to offer to the public here this month.

The price means that the offering, which involves 22.5 per cent of its newly restructured capital, will raise HK\$155m (\$119.5m) in all. It implies a total valuation on the company of HK\$730m compared with net assets of HK\$32m on February 28.

The prospectus, published yesterday, said that Kumagai, which has acquired a dominant position in the local construction market in recent years, had orders in hand of HK\$5.5bn. However, it shed little light on the company's working relationship with its Japanese parent.

Kumagai (Japan), which will

hold 35 per cent of the Hong Kong company after the issue, remains involved in the territory through such projects as the second cross harbour tunnel and the new Bank of China building in the territory.

Mr Eugene Lee of Wardley Corporate Finance, one of the underwriters to the issue, said this was because Kumagai (Hong Kong) lacked the necessary financing capability in the first instance and expertise in high-rise construction in the second.

Kumagai said its Hong Kong company would be the Japanese group's main general contracting unit for Hong Kong and China but industry analysts believe the flotation is basically a response to complaints from local industry over the size of its share in the Hong Kong construction

market. Local constructors last year unsuccessfully sought government intervention to bar foreign concerns from tendering for smaller developments.

Proceeds will be used for general working capital as well as the acquisition of a further 18.5 per cent stake in Oriental Mountain Development.

Based on a profits forecast of 23.5 per cent for the year to September 30, the sale price represents a prospective price-earnings ratio of 7.1 per cent. The projected dividend yield is 7 per cent.

TNT lifts profits and payout

TNT, THE Australian-based international transport group, has reported an increase in net profit for the nine months ended March 31 to A\$98.5m (\$57.0m), from A\$68m for the same period a year ago, Reuter reports from Sydney.

Net profit for the year to June 30 is expected to exceed substantially the A\$106m earned in 1986-88.

TNT also announced a one-for-five bonus issue to shareholders registered June 5 and, with a 4 cents third-quarter dividend, raised its payout for the first nine months to 12 cents from 10.5 cents.

The bonus shares will rank for the fourth-quarter dividend, while the Skyway global courier business and the North American trucking operations posted improved performances.

Australian operations increased sales and profits in the nine months following rationalisation, but New Zealand continued to perform poorly in difficult trading conditions.

European operations made a further strong contribution, while the Skyway global courier business and the North American trucking operations posted improved performances.

Bond Media undersubscribed

THE FLOTATION of Bond Media by Bond Corporation Holdings has closed with a 27 per cent shortfall on subscriptions. Reuter reports from Perth.

Of the 264m shares offered at A\$55 each to Bond Corporation shareholders, 193m were taken up by Dalldorf Investments, the family company of Mr Alan Bond, the chairman, other Bond Corporation shareholders and professional investors, the company said.

The \$110m shortfall is fully underwritten by Mr C. Goode and Rivkin James Capel.

ANOTHER GOOD YEAR FOR AMEV

Net profit for the year ended 31 December 1986 amounted to Dfl 322.5m, an increase of nearly 5% over 1985. Adjusted for foreign exchange fluctuations the increase was 20.4%.

Total income was 7.5% higher at Dfl 8,073m. Adjusted for foreign exchange fluctuations total consolidated operating income for both years increased by 15.8%.

The USA contributed 42% of total income, the Netherlands 36%, other European countries 17% and Australasia 5%.

Shareholders receive a final dividend of Dfl 1.80 per share making an unchanged total for the year of Dfl 2.55.

The figures for the first quarter of 1987 will be released on 21 May 1987.

Copies of the 1986 Annual Report can be obtained from: AMEV (UK) Limited, 2-6 Prince of Wales Road, Bournemouth BH4 9HD. Telephone: 0202 760297

Profit & Loss Account (millions of guilders)		
	1986	1985
Life Assurance	271.2	252.5
Non-Life Insurance	115.1	108.5
Other Activities	46.8	46.5
	433.1	407.5
Taxation	110.9	118.5
	322.2	289.0
Minority Interests	-0.3	-0.5
Net Profit	322.5	288.5

AMEV Worldwide

AMEV is an international insurance and financial services group based in the Netherlands. Its shares are quoted on the Amsterdam Stock Exchange and options on AMEV bearer certificates are traded on the European Options Exchange. Total assets are now Dfl 25.5bn.

AMEV operates in 13 countries: Belgium, Denmark, Eire, France, the Netherlands, Spain, Switzerland, the United Kingdom, Australia, New Zealand, Hong Kong, Singapore and the USA.

AMEV in the UK

AMEV (UK) offers a comprehensive range of financial services through its operating companies, Gresham Assurance Group and Bishopsgate Insurance.

Gresham is engaged in all aspects of life assurance, pensions, mortgages and unit trusts. Bishopsgate, together with its subsidiary Leadenhall Insurance, is a general insurance company operating in marine and non-marine business through the London market as well as in travel, motor and other personal insurances.

N.V. AMEV, Utrecht, The Netherlands

B

Exterior International Limited
(Incorporated with limited liability in the Cayman Islands)

U.S. \$200,000,000

Guaranteed Floating Rate Notes Due 2001

UNCONDITIONALLY GUARANTEED AS TO PAYMENT OF PRINCIPAL AND INTEREST BY

Banco Exterior de España, S.A.
(Incorporated with limited liability in the Kingdom of Spain)

Notice is hereby given that for the six months interest period from May 12, 1987 to November 12, 1987 the Notes will carry an interest rate of 7 7/8% per annum. The interest payable on the US\$378.94 per US\$10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.,
London, Agent Bank.

May 12, 1987

CHASE

Midland Bank plc
(Incorporated with limited liability in England)

£250,000,000

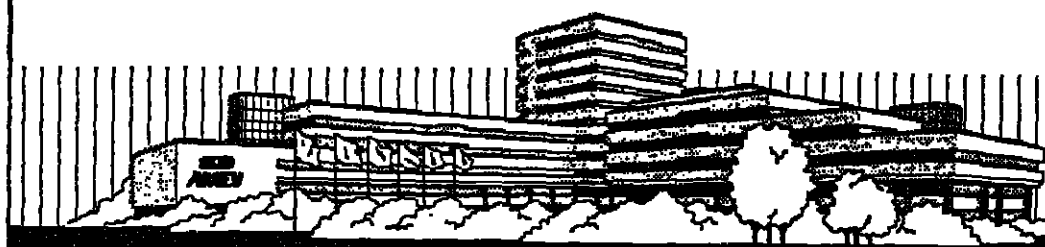
Subordinated Floating Rate Notes 2001

Notice is hereby given that the Rate of Interest has been fixed at 8 1/2% p.a. and that the interest, payable on the relevant interest Payment Date, August 11, 1987 against Coupon No. 5 in respect of £50,000 nominal of the Notes will be £112.22, and in respect of £50,000 nominal of the Notes will be £112.22.

May 12, 1987, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK



CONTRACTS

Press wins oil platform commissioning work

A £10m contract from Marathon Oil UK extends PRESS OFFSHORE's association with the Brae "B" platform into mechanical areas of hook-up and commissioning. About to complete a £24m-plus contract for the Brae "B" modules at its Hadden yard on Tyne, Press Offshore has now been engaged for offshore hook-up and commissioning on the new £137m North Sea development. The hook-up/commissioning project is scheduled to start offshore in

the spring. A major part of it will be carried out by Press's offshore services division in Aberdeen. The division will provide supervision, personnel and equipment to hook-up and commission mechanical systems and pipework on the platform's topsides. Up to 400 mechanical tradespeople and other specialists are likely to be employed offshore at peak times. The project is scheduled for completion in late-1988.

Engineering services for chemical plant in Taiwan

DAY MCKEE (LONDON) has signed a US\$18m (£10.5m) contract with Nan Ya Plastics Corporation of Taiwan for the supply of a process licence and engineering services for a large petrochemical plant in Taiwan. Nan Ya Plastics is a member of the Formosa Plastics Group. The plant will manufacture 150,000 tons per year of 3-ethylhexanol (2EH), most of which will go into the manufacture of plasticisers used for flexible PVC production and in addition

20,000 tons per year of normal and iso-butanol. The plant will use the LP Oxo process owned by Day McKee, Union Carbide and Johnson Matthey by which "oxo" alcohols are synthesised from propylene and synthesis gas using a proprietary rhodium catalyst. The agreement also covers the production of synthesis gas and hydrogen by a process using the catalytic steam reforming of naphtha incorporating the CRG Process under licence from British Gas.

French Rier subsidiary MOSS LONDON has started work on the London Borough of Wandsworth's Dodington Estate, SW11. The £3.6m contract is the first phase of environmental improvements to the estate, which is composed of 15 high and low-rise blocks. The first phase is scheduled for completion in June 1988.

The main function of the "environmental" improvement programme is the creation of identifiable neighbourhoods within the estate. Each neighbourhood will be made up of from two to three blocks. Each will have its own neighbourhood or "block" gardens, tenants' room and entrances. To create the gardens under-used multi-storey car parks will be demolished and car parking organised in smaller observable areas.

FAIRCLOUGH BUILDING, southern division, has been awarded a £5m management contract from Clifton for the construction of luxury residential units at 12 Avenue Road, St John's Wood, London. The development will consist of two blocks each containing a penthouse and maisonettes. Built on piled foundations, the buildings will comprise structural concrete frames with brickwork cladding. Lifts and staircases are to be installed, and one basement car park will serve all units.

Regalian Properties has awarded a contract worth over £8m, to LEWELLYN CONSTRUCTION, Milton Keynes. The development comprises a nine-storey block of 78 luxury flats, incorporating a three-storey penthouse and underground parking. It overlooks the River Thames at Nine Elms Lane in Battersea, SW8. Work has started and completion is due in July next year.

SECURITAG UK has won a £2m contract for the installation of its system in each of the 236 stores run by Mothercare in the UK. The contract was awarded after extensive field trials during which systems from leading competitors in the market were all put to the test operationally. Mothercare runs some 1,000 stores world-wide and discussions are going on which could lead to the introduction of Securitag installations in them all.

STOCKRAIL, of Gomersal, West Yorkshire, designs and manufactures of garment handling and storage systems, has gained an order worth £1.7m from the Burton Group. The order is for a complete three-tier hanging garment storage system to be installed at Burton's Northampton distribution centre, and will include two mezzanine floors, interior conveyors and distribution trolleys. Work on the project will be completed in September.

Underwater defence

CHLORIDE INDUSTRIAL BATTERIES has won a follow-on order worth more than £20m to supply batteries for the advanced lightweight Sting Ray torpedo. It is the company's largest single order and means work on it will go on until the 1990s at the Clifton, Manchester, plant. The batteries will be supplied to Marconi Underwater Systems who manufacture Sting Ray which is now in full production and service with the Royal Navy and the Royal Air Force. Chloride is also supplying batteries for Tigerfish, the "heavyweight" wire-guided homing torpedo.

CLUGSTON CONSTRUCTION has won contracts worth £8.2m during recent weeks for a variety of building and civil engineering works. The largest is the £2m Frank Perkins Parkway (North) for Peterborough Development Corporation. Building works totalling £3.4m consist of three schools at Lincoln, Bourne and Mansfield for Lincolnshire and Nottinghamshire County Councils, together with bunker bay roof repairs at Egborough power station for the Central Electricity Generating Board, and a design and build contract for the construction of factories at Fitchborough Industrial Estate, Scunthorpe, for English Estates. Further civil engineering contracts include roads and filters to Knaresborough Sewage Treatment Works, Leeds, for the Yorkshire Water Authority and reinforced concrete works to a new swimming pool at Bunting Fumecost World project at Skegness.

TRAVERS MORGAN INTERNATIONAL in association with the local company MSCB has been appointed by the Roads Directorate of the Ministry of Works, Power and Water in Bahrain to review the design and supervise the construction of the Dudaia Road flyover—a £4m project. The flyover will form part of the National Loop Road. Ballast Nedam Group, the contractor, started work on the site earlier this month and construction is expected to take at least eight months.

G. JACKSON & SONS has been undertaking interior decorating principally in the City of London and the rest of the capital to a total contract value of some £875,000. Clients have included the King's Observatory at Kew; Fishmongers Hall in the City; the Institute of Bankers in Lombard St, EC; the Park Lane Hotel, W; Lloyd's of London in Lane St, EC; Glaxo's Hall, London Bridge and at the RAC's Clubhouse in Pall Mall, SW.

Housing orders for A. H. Guest

A. H. GUEST, of Stourbridge, has won contracts worth £2.5m. They include a 2,400 sq metre sheltered housing scheme for Coventry Churches Housing Association, at Canley, Coventry, a branch office for TSB in Hockley, Birmingham, a refurbishment scheme for 52 pre-war houses at Salford for Birmingham City Council, and 24 flats for Wyre Forest District Council at Kidderminster, Hereford, Worcs. Work starts this month on the Coventry sheltered housing scheme, costing £900,000, and providing 38 flats for frail and elderly people. The project will take up to 18 months to complete.

Mr Colin Cook, managing director of Dowty Electronic Systems, told a press conference that his company was considering the Ministry of Defence's invitation to companies like Dowty to compete with Marconi Underwater Systems for the new production batch of Spearfish torpedoes.

Kymmene Corporation of Finland has assigned JAAKKO POYRY to design its new LWC paper mill to be built in Scotland. The mill, for Caledonian Paper, will be built at Irvine in Glasgow. It is scheduled for start-up in spring 1988 with a production capacity of about 170,000 tons of LWC paper a year. The total investment is estimated at £230m. Jaakko Poyry, as main engineering consultant, will be responsible for design engineering, construction and erection supervision.

UBM Overseas has gained two orders together worth £500,000 and a further seven contracts totalling £312,000 in such varied markets as the Middle East, West and East Africa and Nepal. The largest order, at £295,000, is for an EEC-funded hospital project in Zanzibar which involves the supply of materials from over 40 manufacturers. The British Council has awarded another procurement package at £270,000 for accommodation in Lagos. Both of these contracts include goods manufactured by the Norcross Group.

BOVIS CONSTRUCTION has been awarded a £12m management contract to refurbish 45,000 sq ft of Walden House, Cathedral Place, London, EC1, as expansion space for Freshfields. The project involves the installation of a new M & E system throughout eight floors of the nine-storey office building. The work is due for completion in June.

WILMOTT DIXON has a contract worth about £850,000 for the construction of an employment benefit office at Kirkdale Road, East London. The company also has a contract in the region of £390,000 for construction of a three-storey arts and craft centre at St Christopher School, Letchworth.

This announcement appears as a matter of record only.



ACAL LIMITED

acquired in December 1986, from
Auriema International Group Inc.
all its European subsidiaries in:

West Germany
Belgium

The United Kingdom
The Netherlands
Sweden

France
Italy

and subsequently merged, in February 1987, with
CENTRE INDUSTRIES LIMITED

and its subsidiaries

Dean Electronics Ltd
Dean Microsystems Ltd
Toptronics Inc

Equity funds for the initial acquisition were provided by:

Management

Investors in Industry plc
Auriema International Group Inc

Term debt facilities and guarantees were provided by:

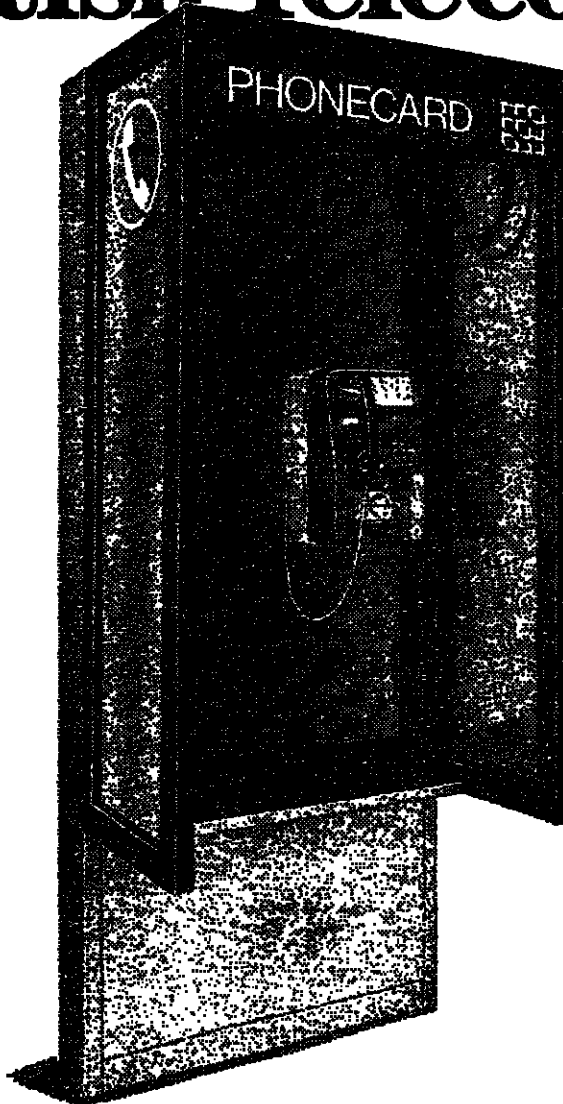
Barclays de Zoete Wedd Ltd

Mezzanine term debt facilities were provided by:
Investors in Industry plc



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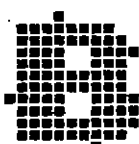
Group Public Relations, GKN plc, 7 Cleveland Row, London SW1A 1DB. Tel: 01-930 2424.



FT 12/5

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange

Application has been made
to The Stock Exchange for 15,622,448
Convertible Preference shares to be admitted to the Official List



Barham Group plc

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Placing by Robert Fleming & Co. Limited
and Open Offer to Shareholders

of
15,622,448 Convertible Preference
shares at 100p per share

	Share Capital	
	Authorised	Issued
Ordinary Shares of 2/4p each	51,510,208	28,404,452
Convertible Preference Shares of 10p each	15,622,448	15,622,448

Listing particulars are available in the the statistical service of Exel Statistical Services Limited. Copies of the Listing Particulars may be obtained during business hours (Sundays and public holidays excepted) up to and including 14th May, 1987 from the Company Announcements Office, The Stock Exchange, London EC2P 2BT and up to and including 26th May, 1987 from:
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12th May 1987

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will change from 9½% to 9%
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TECHNOLOGY



Advanced Japanese technology meets British musical talent. Eric Stewart of the 10 CC band tries out Yamaha's MIDI grand piano. This can be connected to a number of synthesizers and allows sounds to be layered. For example, a note can be played on the piano and a synthesiser instructed to repeat it as it would sound on a stringed instrument.

Yamaha's research strikes the right chord in London

IN A stifling underground room packed with musicians, composers and music professionals from the Dire Straits band and 10cc to the Royal College of Music, Nobuto Tojima, board member of top musical instrument maker Yamaha of Japan, pushed a button to launch a noisy audio-video display.

The musical score was made up entirely of synthetically-produced sound. Its conclusion signalled the opening of a novel laboratory: a research and development (R&D) centre to which Yamaha will invite selected musicians to try out and comment on new electronic musical instruments and prototypes in development.

"We want to get new ideas as early as possible to feed back to our development operations in Japan," says Hitoshi Atsumi, manager of the centre. "London was the natural choice" for Yamaha's first such facility outside of Japan, he says, because "it is the leading place for musical innovation." Yamaha is building a similar centre in New York City, he adds.

The centre will not be open to the public, but rather to professionals involved in the forefront of music-making, according to Yamaha. The company spent \$500,000 to build the centre, and equip it with instruments, a 24-track recording studio and seminar rooms, says Atsumi.

"Everytime something new comes out, I'll be down there straight away," says Guy Fletcher, keyboard player for Dire Straits. He says that other instrument manufacturers also try to get product feedback from artists, but that "Yamaha does it best."

Fletcher recently was among a group of musicians invited by Yamaha to preview a new digital mixing system. "We made comments, and they changed it," he says. Alterations ranged from colour—Yamaha started with white; the musicians advised black—to the way controls were laid out. "We need the know-how of the musicians," says Atsumi. "We want to know how they use the equipment. Sometimes,

Jane Rippeteau reports as the Japanese instrument maker gets in tune with British musical know-how

with their artistic ability, these people can create sounds which we could not have expected." Most of the equipment involves electronic control. "Just as a computer cannot be used without software, these machines need the software enabling people to make the most of a particular technology," he adds.

Although Yamaha claims the centre is the first of its kind outside Japan, Ian Horsburgh, director of studies at the Royal College of Music in London, says centres for the study of electro-acoustic sound have been set up in Paris and at the Massachusetts Institute of Technology in Cambridge, Massachusetts.

"There has been in this country a lack of focus for this music," he says. The centre is very important, because "we are in the middle of a remarkable revolution. The machinery is becoming increasingly important to new music forms."

He says he is particularly excited about one studio at the Yamaha centre which can recreate the acoustics and effect of performing in a large concert hall.

One new instrument already at the centre, which caught the fancy of Fletcher of Dire Straits, is a piano equipped with a so-called MIDI controller (for musical instrument digital interface) that allows it to run a number of synthesizers attached to the piano.

"The potential is quite amazing," says Fletcher. "You can layer sounds" by, say, playing a note on the piano and instructing a synthesiser to play it as though on a string instrument. Other manufacturers have attached MIDI pick-up mech-

anisms to piano strings so that notes played can be recorded electronically and played back. But this machine takes the technology a step further. Fletcher says, "You could have this piano on stage and underneath the stage ten synthesizers programmed to go from string to horn or whatever you want." He says he will be back trying equipment at the centre after recording music for a new film comedy in Los Angeles.

In opening the centre, Yamaha enhances an already strong presence in the UK music market. By 1986 Yamaha Japan (the Nippon Gakki Co) had acquired a 40 per cent share of the leading UK piano maker Kemble & Co. Family-owned for most of the century, Kemble now builds upright pianos, under its own brand name, for Yamaha, and for several foreign and domestic suppliers including John Broadwood & Sons, Chappell of Bond Street, Jorgenson of Denmark and Dietmann of West Germany.

Factory-floor revisions brought by Yamaha into Kemble's Milton Keynes plant have sharply increased production, according to Andrew Kemble, grandson of the company founder and joint managing director of Yamaha Kemble Music (UK), a distribution company 85 per cent owned by Yamaha.

In one example, Yamaha suggested installing simple roller conveyor belts for moving heavy cast iron piano frames around, rather than having two men carry them, says Kemble. As a result of this and other changes, the company expects to boost annual production by nearly a third to some 5,000 pianos—half the UK market—without additional staff, he says.

The Yamaha relationship also helped shield Kemble from a flat home market in conventional pianos because participation in the joint distribution company moved Kemble into the booming market for electronic instruments, such as portable keyboards, digital pianos, synthesizers, and music computers.

Biological bond between Cambridge and Hungary

BY PAUL PIVCEVIC

CAMBRIDGE Life Sciences, the small UK biotechnology company, will be signing a joint venture agreement later this month which will give it access to the cream of Hungary's biological research. CLS, which is based at the Cambridge Science Park and has annual sales of around £1m, has already taken on board two Hungarian research projects seen as having major commercial potential.

The agreement is with the Hungarian company Vepex, which is owned by the Hungarian Academy of Sciences and two state banks. The two research projects involve a simple blood test to detect the presence of parasitic worms in the treatment of pre-menstrual tension, certain eczemas and rheumatoid arthritis.

CLS and Vepex each have a half share in a new company, Biotechnology International, through which CLS will have exclusive marketing rights to the fruits of up to 50 per cent of the research work in the six institutes under the aegis of the Hungarian Academy of Sciences.

In return, Vepex has access to the complete range of CLS diagnostic products, veterinary and clinical, for marketing in Comecon and Third World markets. And through an existing CLS subsidiary, Cambio, the Hungarians will be able to buy biological reagents to further research. Vepex will also receive regular market research analyses designed to direct research programmes towards needs in Western and Third World markets.

"It has taken over a year to

get to this stage," says Mr Bill McCrae, managing director of CLS. "After several visits we were satisfied as to the quality of the Hungarian research, but also that it required a more focussed approach towards products for developed markets."

With the worm tester, the final immuno-assay system will not only reveal infection, but also test for efficiency of the treatment. UK farmers spend £4m a year on worming their animals, of which half may be wasted because there is currently no efficiency test. Parasitic worm infection in humans is endemic in the Third World, and a major cause of

death. CLS hopes to have the diagnostic system, Wormex, on the market next year.

The potential of the gamma linolenic acid (GLA) project is indicated by the fact that of the current annual demand for the acid, less than 10 per cent is yielded by extraction from the oil of evening primrose seed. The new method developed will increase extraction several fold. Ezamol is the only GLA product derived from natural sources and already has a worldwide market of over £10m.

This latest move by CLS is a further extension of its philosophy of development through joint research projects. Due in part to the success of its Omnicheck Cowside, the dairy cow pregnancy testing kit launched in 1985 (the total UK market is worth some £4m to

£5m) and developed with the Shinfield Cattle Breeding Centre, CLS signed an exclusive agreement with Britain's Ministry of Agriculture, Fisheries and Food in June 1986.

A five-year contract gives the company first refusal on any potential products arising from diagnostic research into infectious diseases and fertility going on at the Central Veterinary Laboratory, which advises the European Community and the World Health Organisation on livestock diseases.

CLS also has clinical research contracts on a royalty basis with 14 British universities and institutions. "I'm impressed. I will sign an agreement on the spot," comments Mr McCrae, who feels academics are becoming much more realistic and commercially minded.

The company's programme has not been entirely trouble-free. Eighteen months after it was set up, its first product, a bloodclot dispersing agent, Urokinase, was undercut by the Japanese. "We have survived wholly on the goodwill and understanding of our investors," says Mr McCrae. They comprise some 130 individuals and more than two dozen institutions. "Old-style venture capitalists would have taken a very dim view of our performance at that time."

Mr McCrae sees the joint venture as a "very appropriate" way to develop a relationship with a company in another country. "Unfortunately, lower level links such as distribution agreements may sometimes not work as well. The commitment embodied in joint venture research and development programmes can only enhance the quality of the venture for all concerned."

Projecting the advertiser's art

FOUR YEARS ago, the UK optical company Scientifica-Cook attracted attention with Laser-Spec, an instrument which allowed people to test their own eyes by looking at a pattern on a screen.

Now the company has developed a \$535 holographic unit for use in advertising. Called Roto-Message, the unit projects into the space in front of it a series of four messages. With the unit in a shop window, a message appears to hover out beyond the shop front to some point over the pavement. It then disappears, to be replaced by the next message.

WORTH WATCHING



Views of European machine vision

THE EUROPEAN scene in machine vision is covered in a book from the Society of Manufacturing Engineers (SME) of Dearborn, in the US.

"Report: Machine Vision Activity in Europe" details the research of three US experts who moved around the UK and the rest of Western Europe. It presents examples of specific artificial vision developments and applications from 14 users and suppliers.

The good news is **FERRANTI** Selling technology

Beam to perfect prototype chips

A NEW means of searching for faults in "chips" that are proving unsatisfactory at the prototype stage has been developed by SENTRY Schlumberger, the Dorset, UK test equipment company.

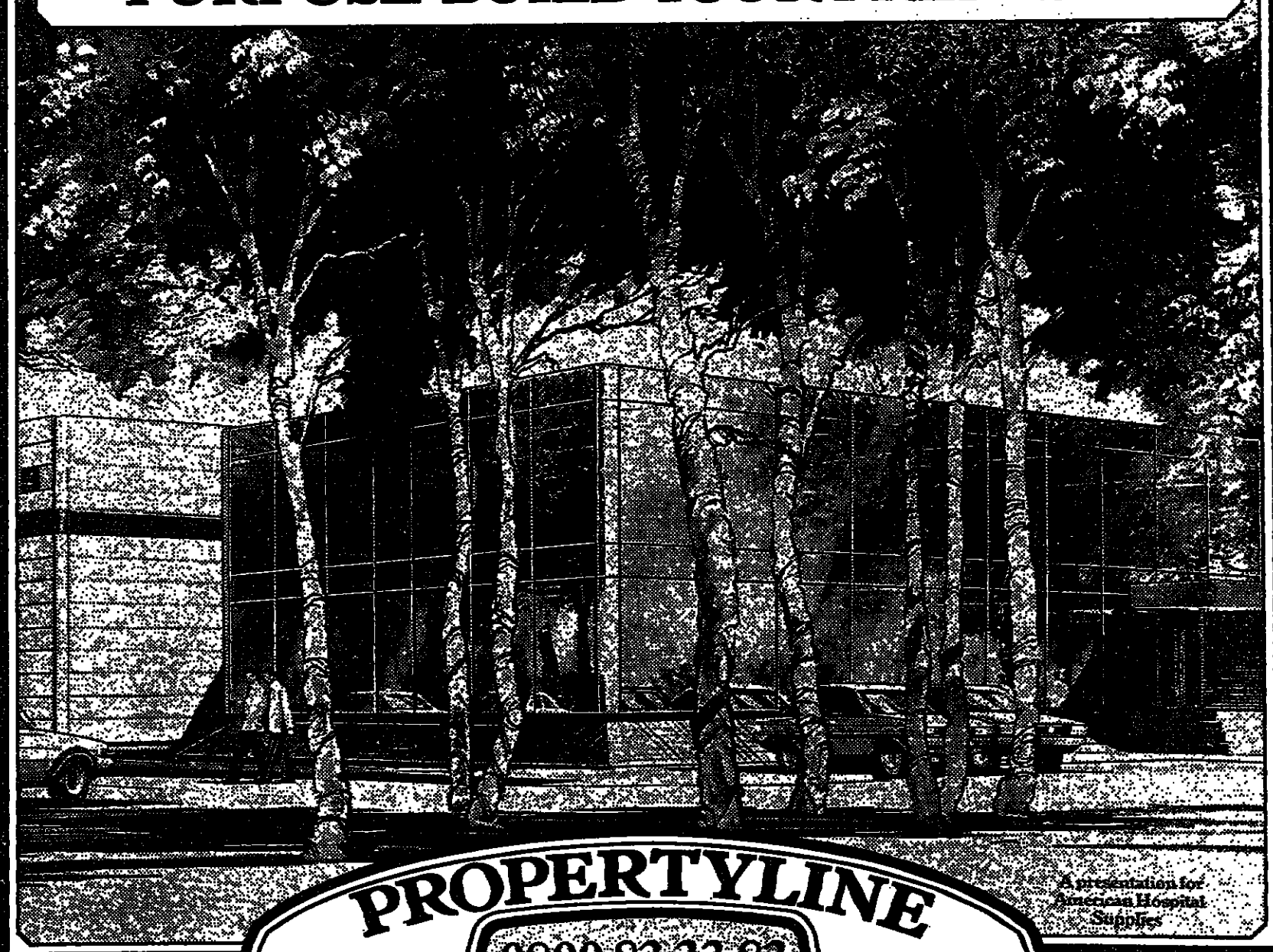
In semiconductor companies, problems can arise from faulty original design, from a layout design error or from a manufacturing difficulty. To date, engineers have used micro-probing, but this entails preparation of the chip and in any case, as the dimensions of the pattern on the chip get smaller and smaller, probes are proving unsatisfactory.

The new IDS5000 from SENTRY uses an electron beam instead of probes. In a vacuum chamber, the beam is made to scan the chip, causing secondary electrons to be emitted from its surfaces with an energy which depends on the voltage present at that point. The secondary electrons are collected and form a signal which is used to modulate a TV scan, and so give a voltage "map" of the surface of the chip. The chip is left unaffected both electrically and mechanically.

By combining the voltage map with computer aided design and engineering information already held in system, engineers can get rid of the "bugs" in the prototype chips much more quickly, thus sharply reducing development times.

CONTACTS: SENTRY Schlumberger, UK, 0202 897087, Scientifica Cook, London, 0622 0288, The SME, US, (303) 271 1550.

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Earnings per share NZ12.0 cents	up 200%
Dividend NZ1 cent per share	up 200%

EXECUTIVE CHAIRMAN, LLOYD MORRISON

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UK COMPANY NEWS

Write-offs leave Lilley £50m in loss

BY TERRY POVEY

TRADING LOSSES plus massive provisions on overseas construction contracts have pushed FJC Lilley sharply into the red. Pre-tax losses of £50.4m for the year to January were more than twice as bad as City expectations and compared with a profit of £9.5m reported for 1985-86.

Mr Lewis Robertson, who became chairman on December 11 and now heads an almost totally changed senior management team, said yesterday that his predecessors' expectation that the second half would be profitable "was not borne out in the event, partly because difficulties existing at the half year or earlier were not fully recognised nor, therefore, covered in the provisions then made."

In the last six months Lilley has appointed a new chief executive, Mr Joe Barber, a new finance director, Mr Jim Armstrong, and a new head for its troubled US operations, Mr Bernard Doyle.

The company is also changing its auditors, has appointed new

stockbrokers and financial public relations consultants. Asked whether any action was planned against former executives or auditors, Mr Robertson said: "It is not our intention to take any action although we have obviously considered this."

As the current management team's emphasis was on getting borrowings down and restoring dividend payments, a lengthy re-examination of past accounts and management decisions would be a time consuming diversion, he added.

Turnover for 1986-87 was £351m (£357m) of which £106m was in North America.

An operating loss of £7.38m (profit £11.37m) breaks down into a profit of £3.11m (£4.94m) from UK construction, a loss of £1.49m (loss £134,000) from international construction and a loss of £12.03m (profit of £4.94m) from the US and Canadian operations. Discontinued activities contributed a profit of £2.21m (£2.51m) in the year.

After net interest paid of

£3.94m (£1.89m) a loss before exceptional items of £10.72m (profit of £9.54m) was reported.

In the US, a £24.6m exceptional write-off was made due to "grave problems" arising from "inefficiencies of information and of control" on contracts.

In Algeria, Lilley has chosen to pay for the termination of a contract rather than risk the large cash drain that continuing it would have required—and an £11m exceptional write-off has resulted.

A further £2.04m exceptional charge was posted for bad debts and £1.06m for bank refinancing costs — bringing the total exceptional charge to £39.73m.

After a tax credit of £8.16m (charge £3.11m), minorities of £1m (£1.00m) and an extraordinary charge of £3.36m, the attributable loss was £45.11m (profit of £6.19m).

Loss per share was 51.5p (earnings of 7.75p). No dividend is being paid — shareholders received a 3.82p total the previous year.

The impact of the retained

loss is to wipe out Lilley's reserves, leaving shareholders' funds at £18.47m (£59.16m) or 28p a share — the par value is 25p.

Through asset sales, Lilley has reduced debt from the 1986 peak level of £57m to £32m as of May 1.

● comment

In December Mr Robertson promised the banks that this year Lilley's debt will be cut to £29m. This is now surely a conservative figure and if all goes well (and it may not on timing grounds alone) debt could be as little as £10m and gearing on the starvation-thin shareholders funds a respectable 50 per cent.

Manoeuvring around the parent company balance sheet, even Lilley's application for leave to distribute the £14.5m in the share premium account, has produced a January 1987 distributable reserves deficit of about £1.5m. But at least so long as 1987-88 earnings exceed £3m—suggesting pre-tax profits of about £4m on a standard charge—a 1p dividend would be



Lewis Robertson, the chairman of F. J. C. Lilley

payable and suitable cover established. The brave few who bought Lilley's shares when they were below 30p will be very happy with the current 45p. However, the vast majority of shareholders, former directors included, who bought in at 65p plus when the shares were widely tipped as a recovery stock may have a longish wait before earnings reach the level that would sustain such a price on the sector's average prospective p/e of 11.

Pineapple buys Regent Leathergoods for £2m

Pineapple Group, the USM-traded dance studio and marketing group, is to pay up to £2.05m for Regent Leathergoods in its fourth acquisition in the promotional sector since the purchase of Golden Key Promotions in November 1986.

An initial cash consideration of £500,000 will be followed by a payment of £1.55m in cash or shares if Regent achieves its £306,000 pre-tax profit target in the 27 months to July 31, 1989. Further payments of up to £1.24m may be paid on pre-tax profits.

Wallisall-based Regent made

pre-tax profits of £186,000 in the year to October 31, 1986. Net tangible assets amounted to about £201,000.

Mr Peter Bain, deputy chairman of Pineapple, said the board was actively considering further opportunities in the marketing services sector.

The group announced two new appointments to its board — Mr Michael Crompton, 33, chairman of Golden Key, and Mr Martin Reuben, 43, joint managing director and co-founder of Premium Pen, which Pineapple acquired in February.

COMPANY NEWS IN BRIEF

DELTA GROUP'S financial year had started well and there had been improved demand in the UK for its profits, the chairman, Mr Geoffrey Wilson, told the annual meeting. He said first quarter profits were up on the same period last year. In its last financial year, Delta increased its pre-tax profits by 14 per cent to £57.8m on turnover of £394m. Since its year end, the group has completed three acquisitions in support of its growth plans.

DRAYTON CONSOLIDATED TRUST: Interim dividend 3p (2.75p) for six months ended March 31, 1987. Net asset value per 25p ordinary share (459p). Total revenue £2.78m (£2.48m) and pre-tax profit £2.35m (£2.1m). Tax £718,000 (£814,000) leaving earnings per share of 4.67p (4.27p).

AMBROSE INVESTMENT TRUST: Net asset value per income share fell from 31.28p to 30.21p at year-end to March 31, while the value per capital share rose from 494.73p to 515.45p. Earnings per share were 10.5p (9.84p). A final dividend of 8.03p (6.93p) makes 11.58p (9.75p) for the year.

QUARTO GROUP, a USM book package publisher, has entered into a conditional agreement to acquire the share capital of Western Signcraft, silkscreen print of sale company, for a maximum consideration of £326,000. In the year to November 30, 1986, Western made pre-tax profits of £34,000 after deducting directors' pensions of £70,000.

WESTWOOD DAWES has acquired Hugh J. O'Neill of Canada. Westwood Dawes proposes a rights issue of 2,855,000 new ordinary shares at 20p per share to finance the proposed capital investment. The rights issue is being underwritten by Manchester Exchange Trust, who also advised Westwood Dawes. The company will

change its name to Mining and Allied Supplies. Hugh J. O'Neill was wholly owned by Mining & Allied Investments of Jersey.

CITY OF OXFORD Investment Trust: Final dividend of 1.15p (1.1p), making a total of 1.75p (1.6p). Total revenue for year to March 31, 1987 was £647,308 (£574,806) and pre-tax profit £506,380 (£378,777). Tax took £147,298 (£147,176), leaving net earnings of 1.76p (1.61p) per share.

Continued growth in rental income and sales

Extracts from the Statement by the Chairman, Sir Charles Ball:

- ★ Group profits before tax increased 10% to £17.2m.
- ★ A final dividend of 5.00p per share is recommended to give 7.75p for the year — an increase of 10.75%.
- ★ In the UK our business has continued to change towards a wider range of liberalised telecommunications products to meet new market opportunities.
- ★ Sales order intake in the UK in 1986 exceeded £20m for the first time.
- ★ Our strong UK rental base of existing contracts secures over £220m of future income.
- ★ In 1986 our overseas companies continued to develop with an emphasis on the building up of their rental bases.

As we entered 1987 annual rental income of the group exceeded £50m for the first time and order intake for new rental and sales business continues at a high level. We are confident that 1987 will see a further improvement in group profits before tax. 99

Results to 31st December, 1986	1986 £000	1985 £000
Turnover: Rental	45,557	39,223
Sales & Other	52,327	36,264
	97,884	75,487
Group Profit before Tax	17,236	15,659
Assets Employed (Net)	86,124	80,670
Earnings per Share	12.64p	13.41p
Dividends per Share	7.75p	7.00p

Telephone Rentals

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KWIK SAVE

- * Earnings per Share up 22.2%
- * Half year profit up 17.1%

Sales	£425,525,000	+11.1%
Trading Profit	£21,760,000	+17.1%
Earnings per Share	9.34p	+22.2%
Interim Dividend	2.1p	+16.6%

(The unaudited figures of the Group shown above, are for the 26 weeks ended 28th February 1987)

We now trade in 479 stores plus 134 Best of Cellar units and 62 Arctic Freezer centres and have expanded our sales area by approximately 5%.

Tates have converted two more Foodmarkets and Wineshops into Lateshoppers bringing the total to ten.

From 14th May 1987 copies of the half year report will be available from the Company Secretary, Kwik Save Group PLC, Warren Drive, Prestatyn, Clwyd LL19 7HU.

Banque Indosuez London

We are pleased to announce that as of
18th MAY 1987
our Private Banking Division will be relocated
from 7, Berkeley Square to :
36 PARK STREET
LONDON W1Y 3PF

MANAGER : ANDREW TRYPANIS

Telephone : 01-638 3600 - Telex : 295482 - Facsimile : 01-409 1887



BANQUE INDOSUEZ

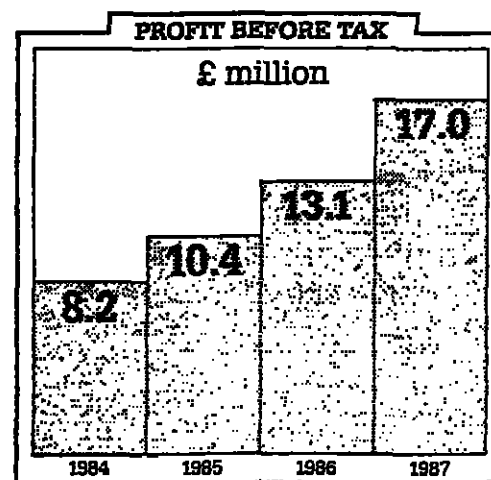
United Kingdom Headquarters: 32-32 Bishopsgate, London EC2N 4AR - Telephone: 01-638 3600 - Telex: 882967
Paris Head Office: 96, Boulevard Haussmann - 75008 Paris

UEI

public limited company

High performance in high technology worldwide

- * 25% compound profit growth for last 3 years.
- * 65% of turnover exported.
- * Successful merger with Solid State Logic. Miles 33 acquired since financial year end.
- * Winner of 2 Queen's Awards for exports in 1987, making a total of 7 awards for exports and technological achievement in last 3 years.
- * Successful new product innovations provide base for future growth.



SUMMARY OF RESULTS

Year ended 31st January

	1987 £'000	% increase over 1986
Turnover	115,001	+21
Profit before tax	17,034	+30
Profit after tax	10,580	+37
Earnings per share	19.0p	+31
Dividend per share	5.9p	+7

The above figures are extracted from the Preliminary Announcement of results for the year ended 31st January 1987, issued on 11th May and do not include any contribution from Miles 33. For further information please contact the Company Secretary, UEI plc, 19 West Mills, Newbury, Berkshire RG14 6HG.

QUANTEL

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Link ANALYTICAL
World leaders in micro-analysis for research and materials development

Solid State Logic

World leaders in audio systems for recording, video, broadcasting and film.

COSWORTH

World leaders in design, development and manufacture of high performance car engines.

Miles 33

World leaders in text and graphics composition systems and in office automation for solutions.

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(Registered in England under the Companies Acts 1908 to 1917 Number 166757)

Issue by way of placing and open offer to ordinary shareholders of 25,000,000 5.25 per cent. (net) Convertible Cumulative Non-voting Preference shares of £1 each at 100p per share.

Authorised £25,000,000 in 5.25 per cent. (net) Convertible Cumulative Non-voting Preference shares of £1 each Issued and fully paid £25,000,000

The Council of The Stock Exchange has admitted to the Official List the whole of the issued 5.25 per cent. (net) Convertible Cumulative Non-voting Preference shares of £1 each.

Particulars of the shares are available in the Extel Statistical Service and copies may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 14th May, 1987 from the Company Announcements Office of The Stock Exchange and up to and including 26th May, 1987 from:

N.M. Rothschild & Sons Limited
3 York Street
Manchester M2 2AW

Rowe & Pitman Ltd
1 Finsbury Avenue
London EC2M 2PA
12th May, 1987

UK COMPANY NEWS

GEC in £16m software purchase

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

The General Electric Company, the UK's largest electrical group, is acquiring Micro Scope, an electronics company floated on the Stock Exchange only two years ago, in an agreed £16m bid which will strengthen its position in the software industry.

The takeover follows two other recent expansionary moves at GEC, which is currently showing signs of a more aggressive growth policy in response to investor criticism. The company injected its Picker International medical diagnostic equipment division

into the corresponding activities of Philips of the Netherlands last month, and acquired 31 per cent of the Netherlands-based Berkel weighing machine group only a few days ago.

Both Micro Scope and GEC's computer division are specialists in videotext products, the latter active electronic information system which enables users to access information and execute transactions through the telephone system and modified television sets.

Videotext is a small but expanding part of the information technology industry, and the

two British companies have established a leading position in the world market, mainly in competition with the French *asphre yishowingcotad*.

GEC said yesterday that the deal would give the combined group additional market strength over the long term by bringing together its own expertise in computers, switching systems and software for public telephone utilities with Micro Scope's knowledge of the private market.

Mr Chris Sealy, Micro Scope's managing director, said his company expected to gain signi-

ficant sales both by using GEC's overseas distribution network and through selling more products internally to the GEC group.

Terms of the deal are 150p cash for each Micro Scope share, a premium of approximately 61 per cent to the closing price of 93p on Friday, and comparing with an original flotation price of 120p in June 1985.

This values the 61 per cent shareholding of the four directors in Micro Scope at about £8.5m. All the directors have accepted the offer, and will stay with the company.

Circaprint surges 72% to £0.6m at six months

MR BERNARD STROUD, chairman of Circaprint Holdings, yesterday revealed that the company had earned more profit in the opening half of the current year than it had achieved for the whole of 1985-86.

He said the results reflected the benefits of the substantial capital investment programme undertaken in 1986 to improve profitability at all factories. For the period to February 28 1987 the USM-quoted maker of printed circuit boards raised its turnover to £5.53m (£3.95m) and its profits before tax to £632,000 (£367,000) — improve-

ments of 40 per cent and 72 per cent respectively. In 1985-86 profits slipped to £827,000.

The chairman said order intake was running in line with targets set and that second half results should be very comparable with the first half. Tax for the first half took £221,000 (£139,000) to leave net profits at £411,000 compared with £238,000 previously. Earnings amounted to 7.8p (4.8p) — the company does not pay interim dividends.

Mr Stroud pointed out that the increase in turnover should be seen against a market which remains fiercely competitive.

Dobson Park in \$13m acquisition in US

Dobson Park Industries, Lancashire-based mining and engineering group, has added to its growing interest in industrial electronics with the purchase of the Revere Corporation of the US for \$13.7m (£7.62m) in cash from Allied-Signal Inc.

Revere is a manufacturer of electronic products, including load and temperature transducers, fluid sensors and specialist cable assemblies.

The acquisition will complement Dobson's purchase earlier this year of IRD Mechanalysis for \$24.25m. Both companies use similar product technology in the manufacture of industrial

instrumentation. Mr Alan Kaye, Dobson's chief executive, said yesterday that the purchase of Revere marked a further significant step in implementing the company's strategy of broadening its base to balance its mining equipment business.

"We are pleased that we have been able to acquire Revere so soon after forming our industrial electronics division with the purchase of IRD Mechanalysis in January," he said.

Revere, with its US headquarters in Wallingford, Connecticut, and its European base at Breda, Holland, employs about 400 people. In the year to December it earned pre-tax profits of \$2.3m on a turnover of around \$28m.

BRITISH INVESTMENT TRUST: Net asset value 687p (565p) and final dividend 9.8p (8.6p), making 17p for year to March 31, compared with 15.2p. Net revenue £10.78m (£9.53m). Earnings 17.27p (15.27p).

INTERNATIONAL COLLABORATION IN AEROSPACE

— Problems, Progress & Prospects

Paris 9 & 10 June, 1987

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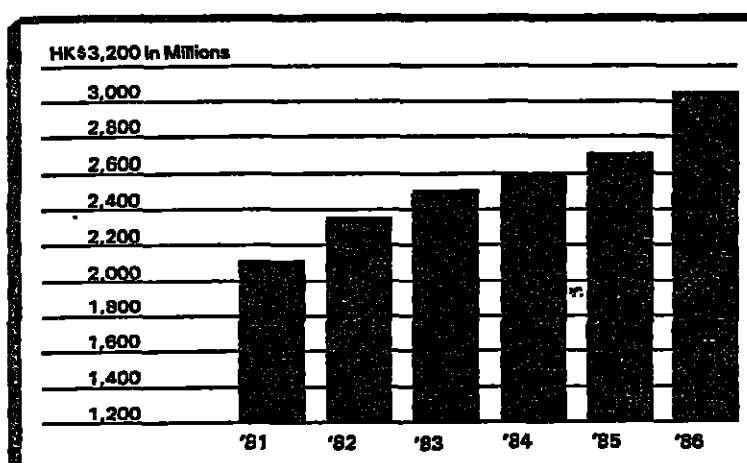
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The Hongkong and Shanghai Banking Corporation

1986 Results

- Group profits increased by 12.4 per cent from HK\$2,719 million to HK\$3,056 million (vs\$348 million to vs\$392 million).
- The trend of group profits for 1987 is encouraging and the Board expects to be able to declare an interim dividend of HK\$0.12 and to recommend a final dividend of at least HK\$0.25 on the increased capital.
- One-for-eight capitalisation issue.
- One-for-eight rights issue to raise HK\$3,303 million and further strengthen the capital base.



Published group profit

Financial Highlights

1985	1986	1986
HK\$ in Millions	HK\$	US\$
3,627	Total group profit	4,075
2,719	Attributable group profit	3,056
21,882	Shareholders' funds	26,511
545,610	Total assets	715,284
HK\$0.72	Earnings per share	HK\$0.81
HK\$0.38	Dividends per share	HK\$0.41

Commercial banking

Profits of Hang Seng Bank rose 12.8 per cent to HK\$1,051 millions.

Copies of the 1986 Annual Report and Accounts are available from Department UK1, P.O. Box 199, 99 Bishopsgate, London EC2P 2LA. Offices in Edinburgh, Leeds and Manchester

Profits of Marine Midland Bank rose 15.8 per cent to us\$145 million. Marine Midland has acquired Westchester Financial Services Corporation and has entered into an agreement to acquire First Pennsylvania Corporation.

In November Hongkong Bank of Canada took over most of the assets and liabilities of the Bank of British Columbia.

Hongkong Bank of Australia opened in February 1986 and now has eight branches.

Merchant banking & capital markets

Profits of the Wardley Group rose 95 per cent to HK\$177 million.

James Capel & Co, the London-based stockbroking company which became a wholly-owned subsidiary in 1986, doubled its profits. James Capel has been awarded a branch licence in Tokyo.

During 1986 the parent Bank acquired from Marine Midland 51 per cent of the CM&M Group whose principal subsidiary, Carroll McEntee & McGinley, is a leading primary dealer in US government securities.



Hongkong Bank

The Hongkong and Shanghai Banking Corporation

Marine Midland Bank • Hang Seng Bank
The British Bank of the Middle East • Hongkong Bank of Australia • Hongkong Bank of Canada

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U.S.\$200,000,000
Guaranteed Floating Rate Subordinated Notes Due 1996

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International Westminster Bank PLC
London — Agent Bank

UK COMPANY NEWS

Encouraging outlook for Diploma

Diploma, manufacturer of electronic components, increased its profits to £3.27m pre-tax for the six months to March 31 1987, an improvement of £680,000 over last time's depressed £2.59m.

The directors said yesterday that they entered the second half with confidence obtained from favourable sector influences, supported by good bookings and billings during the opening weeks of the period.

First half turnover pushed ahead from £44.73m to £50.99m. Profits included a share of related company losses amounting to £107,000 against previous profits of £176,000.

Tax took £2.38m (£2.17m) and minorities £196,000 (£207,000). Earnings worked through 0.6p higher at 6.8p per 5p share from which the interim dividend is being lifted from 1.25p to 1.5p.

The directors said that the Macro division appeared to have further enhanced its market share and added that the Amac offshoot finished the half year with good bookings for its Japanese memory devices.

The Access side increased its market share most through the faster growth in the Amac and Accent subsidiaries. Second quarter booking provided a good order book scheduled over the remainder of the year.

Nortronic and DTV performed well, but more steadily. Both operations continued to show encouraging prospects for the second half.

Diploma is launching the Alternative Catalogue Company in June: it will emphasise leading-edge technology but also carry commodity semi-conductors and passives. The directors

were anticipating a long, slow build-up of users before achieving profitability.

They said initial costs were high and collectively, the negative contribution for the past half-year had been significant and would remain high for at least the next six months.

In the second half of the previous year the group lost further ground after the first half fall and for the 12 months as a whole saw its pre-tax profits fall by £3m to £12.5m.

comment
Diploma, as the UK market leader in the distribution of active electronic components, has seen its share price move up (and down) very sharply as the City has shifted its perception of the outlook for this uncertain market. In the autumn, when Henry Whitham £600,000

pre-tax against £1.1m in the same period last year) fell out of bed along with the oil market, the bad news seemed overwhelming and the shares touched 160p, falling from a spring peak of 368p. However, the building services activities stepped into the breach (a £2.2m contribution this time against £1.2m previously) and now the component side has sprung back to life (£3.3m against £2.8m) with a volume gain of a third more than offsetting a 15 per cent fall in prices.

On forecasts of £15m, the shares at 277p are on a prospective p/e of 16½ which looks right for a "sell in to strength" strategy given that the building has probably hit the top of its growth curve, oil is poor but stable and components could go either way from here.

Healthy asset growth at Percy Bilton

INVESTMENT income and net asset value growth at Percy Bilton, property developer, were in a healthy state, the directors said yesterday when presenting figures for 1986.

Profits on trading and investment amounted to £15.13m (£14.23m) and pre-tax profits improved from £10.65m to £11.47m. Group turnover was down, however, from £30.56m to £26.07m.

The estimated net asset value per 25p share was 335p at the year end, compared with 299p at the end of 1985, and stated earnings per share were fractionally lower at 20.1p against 20.2p.

The final dividend is raised from 7.98p to 8.74p for an increased total of 12.94p (11.98p).

comment
The market will have to wait until Percy Bilton's report and accounts come out before it discovers where the profits came from. Suffice to say for now that

the overall result contained no surprises and left the shares barely changed at 334p. The reduced turnover suggests a hiccup in civil engineering, construction or housebuilding, but is probably explained by the uneven flow of completions. On the property side, the company's south-eastern orientation has enabled it to benefit from the new-found buoyancy of the industrial market. The only properties revalued during the year were those newly acquired or which had a change of tenure, so the shares must be looking at a considerable discount to their real net asset value as well as the prospective 1987 figure. That is unusual for a sector in which parity or a premium to NAV is becoming the norm. With the high yield compensating for the lacklustre record, and the bid speculation still buoyed by Claydon's 3.5 per cent stake, Bilton's shares might begin to look attractive if the report contains no nasties.

BOARD MEETINGS

TODAY		
Finland: Western Selection	June 15	
Finland: Barton Group, British and American Film, European Parties, G. T. Management, Hunting Associated Industries, Kingsleigh and Forester, P. & W. Macellan, Ramco Oil Services, Wharfedale, Seena, Stylo.	May 29	
FUTURE DATES		
Associated Paper Industries	May 14	
Grand Central Investments	May 18	
Johnson and Firth Brown	June 10	
London and Clydeside	June 15	
Morreau	May 29	
Thomson (G. W.)	May 18	
Finland: Boulton (William)	May 13	
British and Commonwealth	May 14	
Cakebread Robey	May 19	
Exco International	May 16	
Locker (Thomas)	June 8	
Parkland Textile	May 20	
Piccadilly Radio	May 26	
Remare (Jewellers)	May 13	
Toshiba Corporation	May 21	
Yorklyde	May 15	

Rising trend shown by UTC companies

BY CLAY HARRIS

United Trust & Credit, financial services heart of the new UTC Group, yesterday reported a 58 per cent increase in pre-tax profits to £1.2m from £762,000 in 1985.

Somportex Holdings, the Slush Puppie crushed-lead drinks company and vehicle for the reverse takeover which created the combined group, achieved £267,000 pre-tax last year after a loss of £118,000 in the final eight months of 1985.

UTC Group's two constituents reported 1986 results separately because the merger was not completed until February.

Using merger accounting, UTC said that pro-forma pre-tax profits of the combined group would have been £1.47m in 1986.

Combined turnover fell from

£15.9m to £14.2m. This reflected United Trust's shift in September from a licensed dealer acting as principal to an agency broker, as well as Somportex's sale of its confectionery division in 1985.

The improvement in margins at United Trust reflected the growing role of its corporate finance activities. An active issuing house, especially for companies coming to the Unlisted Security Market or raising capital under the Business Expansion Scheme, it obliges its clients to retain its services for at least five years.

No further dividends are proposed in addition to the two interims totalling 14p already paid to United Trust shareholders before the merger. UTC shares added 3p to 286p on the USM.

United Friendly hits £11m

United Friendly Insurance, underwriter of main classes of insurance, except marine and motor business in the UK, increased its 1986 profits from £9.6m to £11.2m pre-tax.

Earnings improved by 8.9p to 45p per 10p share and a final dividend of 14.5p (12.1p) raises the total from 17.2p to 21p.

Investment income for the year rose by £1.4m to £4.6m. There was a transfer from the investments reserve of £1m (£1.4m) and a transfer from revenue accounts general business of £1.7m (£1.8m).

The life side saw industrial profits rise from £2.5m to £3m and ordinary profits edge ahead from £0.7m to £0.8m.

Tax accounted for £3.9m (£4.4m) and there was a provision this time of £0.3m, after tax, for the employee profit-sharing scheme.

CHUBB CORPORATION, a US insurance company, has increased its stake in Sun Alliance, to just over 5 per cent. Sun Alliance holds a reciprocal stake of 9.8 per cent, and the move is not expected to have any hostile overtones.

Lorlin rises 17% to £1m

Lorlin Electronics reported pre-tax profits up by 17 per cent from £828,000 to £1.09m for 1986. And the directors said that the indications for the present year were very encouraging, with orders continuing to grow and production increasing.

Turnover at £3.11m (£4.42m)

was lower than had been hoped because it had taken longer than expected to increase production substantially. Earnings per 20p share for this USM-quoted company came out at 15.79p (11.38p) and the directors are proposing a final payment of 2p (1.5p) to make a total of 3p (2.5p).

Catalyst profit trebles

Catalyst Communications, Finnish marketing services and publishing group which joined the Third Market in January, trebled its pre-tax profits to £439,244 for the 15 months to December 31 1986.

Turnover rose from £3.46m for the 15 months to September 30 1986, to £5.08m, and earnings per share was 2.4p higher at 3.7p.

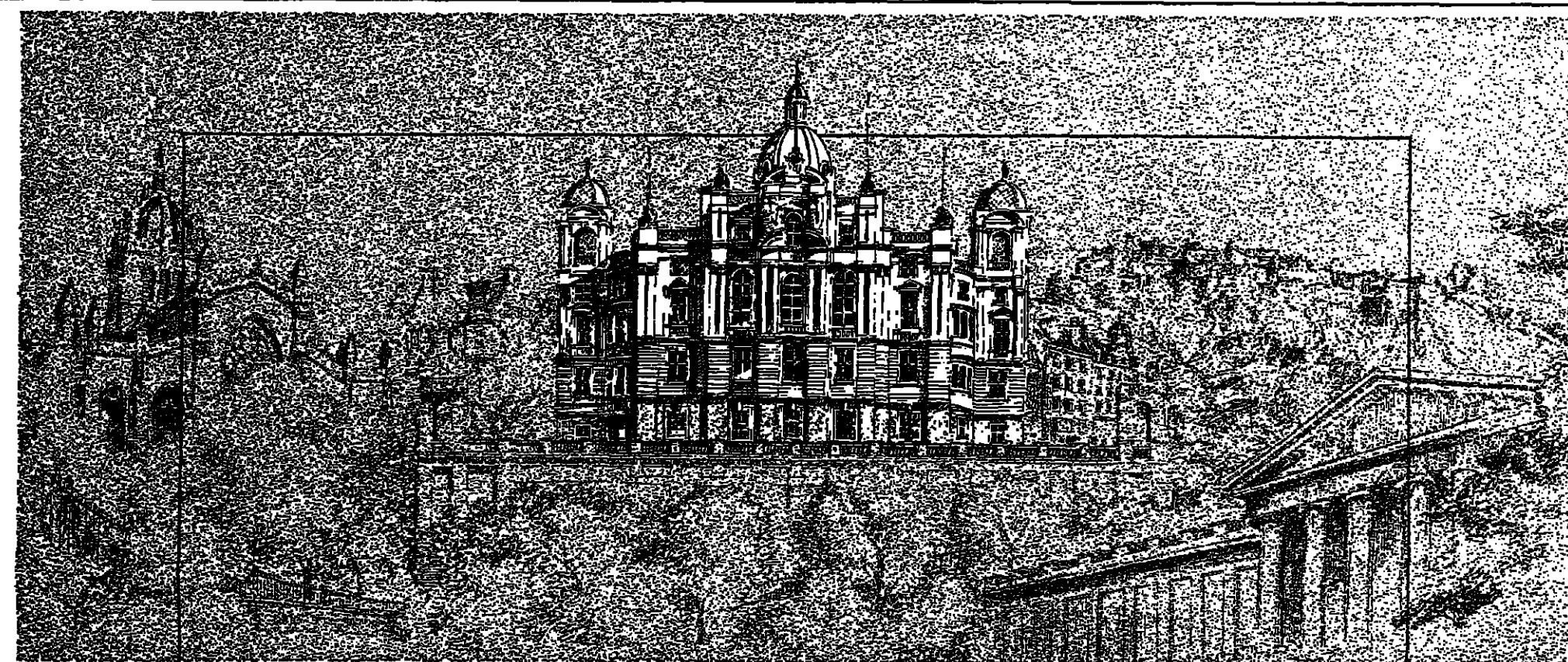
In November 1986, Catalyst bought the industrial electronics division of Nokia, Finland's largest privately held company, for an undisclosed price. In March this year it acquired Peter Miles and

Partners for an initial consideration of £200,000 and profit-linked payment of up to £1m.

Further acquisitions were actively under review, said the directors. The group continued to trade satisfactorily, and the board believed results for 1987 would show continuing progress.

Tax took £169,240 (£48,208) and there was an extraordinary credit of £124,493, compared with a debit last time of £53,334.

No dividend will be paid, but the dividend policy remained under review, said the directors.



Bank of Scotland Head Office Edinburgh

Record Group profits from Bank of Scotland

In 1986/87 Bank of Scotland has again performed well.

❖ Group pre-tax profits are a record £118.5m, an increase of 24% both for this year and on a compound basis over the past four years.

❖ Dividend increased by 18%.

❖ Capital ratios are extremely strong.

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A leading example is HOBS, our screen-based Home and Office Banking Service, which goes from strength to strength with a rapidly growing number of corporate customers now benefiting from the tremendous flexibility of the system.

RESULTS AT A GLANCE

	1987	1986
Pre-tax profit	£118.5m	£95.2m
Earnings per £1 Capital Stock	57.6p	46.1p
Dividend per £1 Capital Stock	16.5p	14.0p
Advances	£6,928.8m	£5,813.9m
Capital and Reserves	£558.6m	£514.5m

GRANVILLE SPONSORED SECURITIES

High	Low	Ass.	Comp.	Price	Change	div. (p)	%	P/E
181	118	Ass. Brk. Ind. Ord.	197	0	7.3	4.8	8.6	
163	121	Ass. Brk. Ind. CUS	183	0	10.0	8.1	—	
40	26	Armitage and Rhodes	37	-1	4.2	11.4	6.2	
80	64	BBS Design Group (USA)	76	+1	1.4	1.8	18.1	
230	168	Bardon Hill Group	220	0	4.8	2.0	28.1	
147	85	Bray Technologies	147nd	0	4.7	3.2	11.8	
138	75	CCL Group Ordinary	138	0	2.9	2.1	9.5	
107	86	CCL Group 11pc Conv. Pref.	10	+1	15.7	15.4	—	
136	58	Carborundum Ord.	136ndc	0	5.4	3.9	11.8	
94	80	Carborundum 7.5pc Pref.	94	0	10.7	11.4	—	
178	118	Idle Group	98	0	8.7	3.9	2.5	
125	76	George Blair	120	0	18.3	—	—	
128	101	Jackson Group	125	0	6.1	4.9	8.5	
377	230	James Burrough	373	0	17.0	4.8	10.5	
100	89	James Burrough 9pc Pref.	94	0	12.9	13.7	—	
1038	342	Multhousse NV (AmstSE)	808	0	—	—	24.0	
408	250	Record Ridgway Ordinary	408	+1	1.4	—	8.2	
100	83	Record Ridgway 10pc Pref.	86	0	14.1	16.4	—	
81	67	Robert Jenkins	83	0	—	—	3.7	
30	30	Servations	30	+1	—	—	—	
167	67	Trevlin and Cavill	158	+1	5.7	3.8	9.8	
340	321	Trevlin Holdings (SE)	330	0	7.9	2.4	6.9	
91	42	Unilock Holdings	87	0	2.8	3.2	18.0	
144	85	Walter Alexander	144	0	5.0	3.4	13.8	
200	180	W. S. Yates	180nd	0	17.4	8.2	18.0	
116	67	West Yorks. Ind. Hoap. (USA)	110	0	6.8	5.1	15.7	

Granville & Company Limited
8 Lovat Lane, London EC3R 6EP
Telephone 01-621 1212
Member of FIMBRA

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The Republic of Italy

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Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 12 May 1987 to 12 November, 1987 the Notes will carry an interest rate of 7½% per annum. The interest payable on the relevant interest payment date, 12 November, 1987 will be US\$383.33 per US\$10,000 coupon and US\$10,000 nominal amount in registered form; US\$1,916.67 per US\$50,000 coupon; and US\$9,583.33 per US\$250,000 coupon.

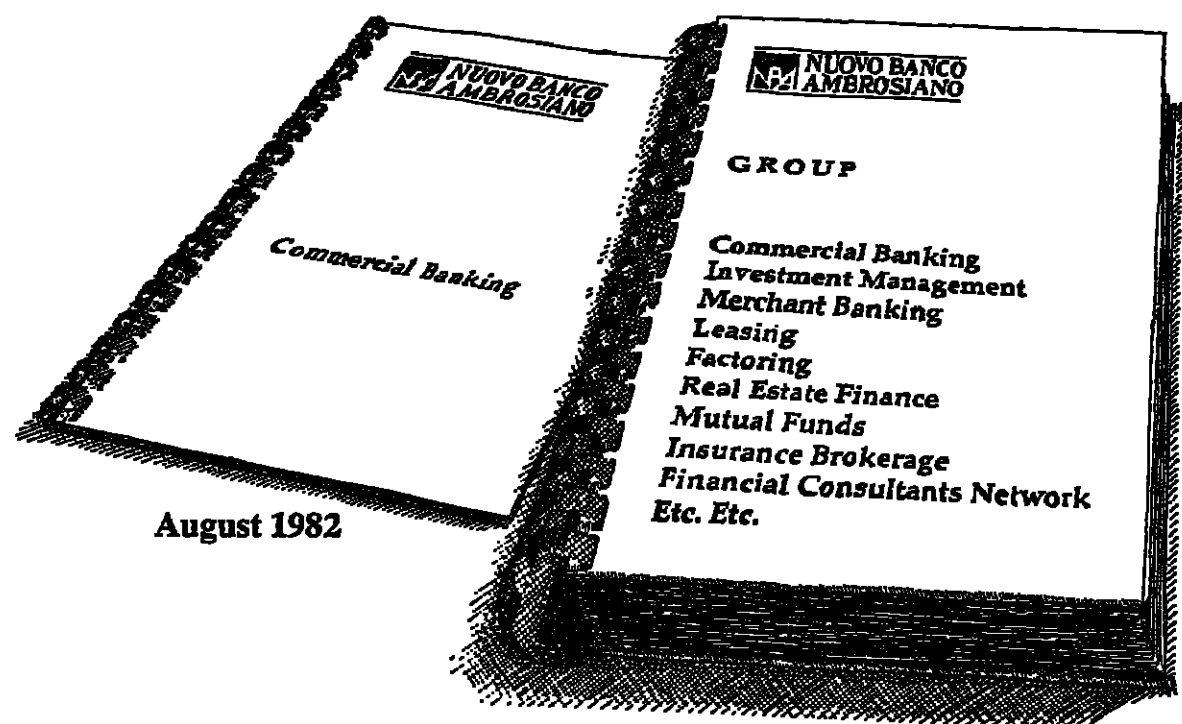
12 May, 1987
THE CHASE MANHATTAN BANK, N.A.
LONDON, AGENT BANK.



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UK COMPANY NEWS

UEI profits boost 30% to £17m as forecast

IMPROVED trading performance in all its principal businesses gave UEI, the fast-growing electronics and engineering group, a 30 per cent boost in pre-tax profits to £17.03m, as forecast in April.

Last month UEI announced its agreed £27.4m offer for Miles S3, the computer graphics company, and estimated its own profits at £17m on turnover up 20 per cent to £115m, the figure actually achieved.

Earnings per share rose by 31 per cent from 14.5p to 19p, and the recommended final dividend is 3.8p (3.5p), making 5.9p (5.5p) for the year to January 31.

Quantel, SSL, Link Analytical and Cosworth had all made excellent progress, said the directors.

Steady growth in profits over the past three years had been maintained alongside increased development expenditure of £7.25m, they said. International business had increased significantly and accounted for 45 per cent of sales.

The group had entered the early months of 1987 with full order books, and the opportunity for continued progress.

Operational profits rose from £15.81m to £16.74m, and net interest payments were lower at £1.71m (£2.56m). Tax took £8.58m (£5.51m) and minority interests dropped from £141,000 to £110,000.

An extraordinary debit of £1.7m (£570,000) consisted of £127,000 profit on the sale of a subsidiary company and divisions, and closure costs of £1.52m.

comment

UEI had already outlined these results at the time of the Miles

S3 purchase so the share price stayed at 395p yesterday. Despite the brief flirtation with Oxford Instruments, when the claims for synergy were at best dubious, the add-on benefits of both SSL and Miles are self-evident, with the latter growing at more than 50 per cent a year and the former adding £1.2m in just 9 months. This adds to the impression that the company's strategy is becoming more clearly defined, with some of the less exciting subsidiaries being sold. Even Cosworth, car engine manufacturer, once regarded as a bit of a chairman's eccentricity, is now firing on all cylinders. Assuming £25m as a reasonable pre-tax profits target this year, the shares sit on a prospective p/e of 17 which compares quite well with other companies in the sector like the recently floated Cambridge Instruments.

Brewmaker profits plunge to break-even

THE directors of Brewmaker, manufacturer of supplies for home-brewing, have launched a vigorous programme of cost reductions including redundancies and the disposal of under-utilised premises in the face of a substantial drop in pre-tax profits from £519,238 to £2,859 in the year to January 31 1987.

Turnover fell from £7.92m to £6.98m. They declined to recommend a final dividend (0.5p) leaving the total for the year at 0.5p compared with 0.5p last time.

Exceptional charges of £113,287 (all) consisted of the amount written off on the sale of leasehold property and redundancy costs.

The directors reported that Brewmaker, which is quoted on the LSE, had made substantial investments over the past two years in plant, premises, equipment, people and the development of new products in order to take advantage of an anticipated recovery in its market.

However, this recovery had not materialised and the company had been faced instead with a significant downturn—particularly in the multiple section of the market.

Fundinvest rise

Fundinvest produced a 28 per cent improvement to 615.8p in its net asset value per capital share over the six months to March 31.

Net revenue after tax of £178,000 (£144,000) was £410,000 compared with £328,000 for the equivalent period last year. The interim dividend rose from 2.675p to 3.41p per income share.

SHARE STAKES

Changes in company share stakes announced over the past week include:

Matthew Hall—Director Mr Howard Hicks disposed of 789,473 ordinary shares from his own holding and his wife Anne Maureen Hicks disposed of 458,572 ordinary shares. Thus 1,247,045 ordinary shares from the beneficial holding of Howard A. Hicks were disposed of.

Derek Bryant Group—Harvard Securities reduced its ordinary holding from 7.86 per cent to 1.5 per cent; Jericho Capital Corporation of the US has acquired 165,000 ordinary shares.

Farminter—Director H. Bronstein disposed of 100,000 ordinary (3.1 per cent). His total holding, as altered, is 550,000 shares (17.22 per cent).

Alexandra Workwear—Disposals of ordinary shares by directors: J. E. Drinkwater 28,264 (0.28 per cent); J. M. Prior 21,903 (0.2 per cent); he now holds 340,000 (3.1 per cent); P. J. Davies 41,367 (0.37 per cent); he now holds 511,980 (4.62 per cent); and Mrs P. M. Davis 25,840 (0.23 per cent), she now holds 320,000 (2.89 per cent). Following recent sales the following director holdings have been altered: R. C. Begg beneficial 9,000 (0.1 per cent), non beneficial 900,920 (8.1 per cent) and G. P. Davis beneficial 290,000 (2.6 per cent), non beneficial 574,720 (5.1 per cent).

Brown & Jackson—Polden Investments sold 1,550,000 ordinary, reducing its holdings from 6,410,000 to 4,860,000 (16.2 per cent).

Radio City (Sound of Merseyside)—Red Rose Radio acquired 272,535 "A" shares (12.38 per cent of that class).

W. A. Tyack—D. S. Tyack disposed of 25,000 ordinary. Total holding, as altered, 469,800 ordinary.

Laidlaw Thomson—Director R. S. Sterling sold 47,000 shares.

TMD Advertising ahead by 20.8% after six months

PRE-TAX profits at TMD Advertising Holdings increased by 20.8 per cent from £417,000 to £504,000 in the six months to February 28 1987. Mr David Reich, the chairman, said in his last annual report that he looked forward to another successful year, and the first half figures confirmed that this was the case.

Company was on course to achieve that objective.

Turnover increased by 14.3 per cent from £25m to £28.6m. Stated earnings per 5p share have grown from 4.5p to 5.7p, an improvement of 18.8 per cent.

Mr Reich said the group's proposed acquisition of 49 per cent of Horizons Media was progressing and should be completed shortly.

He said the group had gained its largest ever television account with its appointment to handle Abbey National Building Society's television media planning and buying.

Together with new appointments by companies such as Gillette's Oral B Laboratories and Rumbelows for its Hometech Superstores, are expected to make a significant contribution.

After tax of £200,000 (£168,000), retained profits for the half were up from £249,000 to £304,000.

Base Rate Change

BANK OF BARODA

Bank of Baroda announce that with effect from 12th May, 1987 their Base Rate is reduced to 9% per annum.



£300,000,000
Floating Rate Notes Due 1996
(Second Series)

Interest Rate: 9.1125 %
per annum

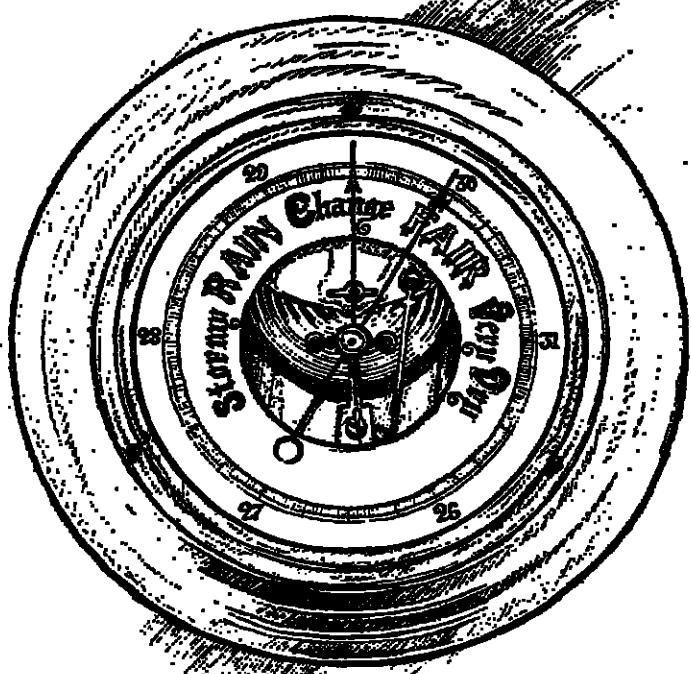
Interest Period: 11th May
1987 to
11th June
1987

Interest Amount
per £5,000 Note
due 11th June
1987: £38.69

Interest Amount
per £50,000 Note
due 11th June
1987: £386.92

Baring Brothers & Co., Limited
Agent Bank

CHANGE IS MEASURED IN MANY WAYS.



OUR MEASURE IS RESULTS.

As we position ourselves for the future at Canadian Pacific, we have one basic objective: to improve long-term shareholder values. This requires change. Restructuring. A sharper business focus.

Consolidated income (unaudited) (in millions, except amounts per share)			
	1st Quarter 1987	1st Quarter 1986	
Transportation	\$ 56.3	\$ 9.8	
Oil and Gas	35.7	1.3	
Forest Products	25.0	(9.5)	
Steel and Industrial Products	(5.0)	(11.7)	
Real Estate	7.7	6.8	
Other Businesses	8.2	9.5	
Financial and Miscellaneous	5.0	0.5	
Discontinued Businesses	(7.5)	(4.2)	
Net income before extraordinary items	125.4	(36.5)	
Extraordinary items	89.3		
Net income after extraordinary items	\$ 314.7	\$ (36.5)	
Earnings per Ordinary share	\$ 0.42	\$ (0.12)	
Before extraordinary items	\$ 1.06	\$ (0.12)	
After extraordinary items			

So, at Canadian Pacific, we're simplifying our mix of businesses. Reducing our dependence on cyclical, capital-intensive industries. Strengthening our core businesses. And increasing our financial flexibility. How are these changes paying off? Our latest results speak for themselves.

Canadian Pacific Limited
Building Lasting Values

For more information, please write: Director Communications, Canadian Pacific Limited, Room 129, Windsor Station, Montreal, Quebec H3C 3E4

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Banque Paribas Capital Markets
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McLeod Young Weir International
Limited

Nomura International
Limited

ABD Securities Corporation

Berliner Bank
Aktiengesellschaft

DG Bank
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Merrill Lynch Capital Markets

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Westdeutsche Landesbank
Girozentrale

Bayerische Hypothek- und
Wechsel-Bank
Aktiengesellschaft

Berliner Handels-
und Frankfurter Bank

Fox-Pitt, Kelton

Westfälische
Aktiengesellschaft

Shearson Lehman Brothers
International

Schweizerische Bankgesellschaft
(Deutschland) AG

Goldman Sachs International Corp.

Morgan Stanley International

Salomon Brothers International
Limited

Bayerische Vereinsbank
Aktiengesellschaft

Commerzbank
Aktiengesellschaft

Vereins- und Westbank
Aktiengesellschaft

UK COMPANY NEWS

Rolls-Royce grey market price soars to 135p

By Richard Tomkins

Cleveland Securities, the licensed dealer, sharply increased its grey market price for shares in Rolls-Royce yesterday in response to the rise in the London stock market.

It was offering to buy the 85p partly-paid shares at 132p and sell at 135p, compared with 122p bid and 125p offered on Friday. Its latest bid price would represent a premium of 55 per cent on the offer price.

Cleveland is making an unofficial market in the state-owned aero-engine maker's shares in advance of the start to official stock market dealings on Wednesday next week.

It said it was experiencing strong interest from overseas buyers, particularly in Europe. The sellers were UK institutions, it said, and it was continuing to deal only with professionals.

Cleveland's quoted price surprised some stock market analysts yesterday. "I think there will be an awful lot of people switching out of Rolls-Royce and into British Aerospace if its shares do open at that level," said one.

Caradon to join SE valued at £100m

Caradon, the building products company, is planning to come to the stock market in June or July this year through an offer for sale likely to value it at about £100m.

The company is best known for its branded products such as Telford's baths and toilets, Mira showers, Terral plastic plumbing and Celform PVC timber replacement systems. It was formed through a management buy-out of its businesses from Reed International in 1985. The price then paid was £80m but this included a high level of borrowings, which the flotation will help reduce.

Caradon mainly serves the home repairs and improvements business. It made trading profits of over £15m in the year to March 1987 on turnover of £140m. The flotation will be sponsored by S. G. Warburg with Cazenove as stockbroker.

Nikki Tait on the race to win control of Garnar Booth French farce in the making

WHEN AN industry is reduced to three of four major players, alliances take an added meaning.

But the race to gain control of leather group, Garnar Booth, has been little short of French farce.

Yesterday, the £30m paper-only offer from fellow leather group, Pittard, stood within a whisker of success—with firm acceptance plus purchases representing 46.97 per cent of Garnar's shares.

However, rival bidder Hillsdown was still buying yesterday—and, even if it eventually accepted its 37.2 per cent Garnar stake would become over 15 per cent of the combined offer if the merger goes through.

The irony is that almost three-quarters of the Pittard acceptance came from shareholders who gave early backing to its initial recommended terms and are barred by Takeover Panel rules from withdrawing until May 22.

They even include the 4 per cent held by Garnar directors—who have since switched horses and recommended the rival Hillsdown bid instead.

These shareholders have had no opportunity to consider the Hillsdown terms—which offer a revised 300p in paper against Pittard's (also revised) 304p but do, at least, tack on a 300p cash alternative.

There again, Hillsdown has no one to blame but itself. It talked to Garnar Booth during the £20m Strong & Fisher bid last autumn. The Garnar board was in contact again when Strong withdrew midway through a monopolies commission inquiry and Pittard expressed an interest.

But it was only 48 hours before the Pittard offer—with full Garnar board backing—was due to reach what had looked to be its first and only

close, that the food group entered the fray.

Last Friday, with Pittard edging towards its goal, Hillsdown then upped the bidding.

Garnar shareholders who have seen their company's price more than double since last August to the current 288p may not care too much.

The Pittard paper terms more than match Hillsdown's and the market is a ready route for anyone wanting cash. Indeed, the wave of purchasing by both sides—over one-quarter of the company's have been picked up by one or other bidder through the market—suggests that some investors cannot believe their luck.

Yet somewhere, underlying all the shenanigans, is an industrial argument. The leather industry's problems have always centred on its cyclicality, coupled with rising competition from developing countries.

In an effort to secure some stability, the more successful survivors have attempted to carve out higher-margin niches. Strong & Fisher has headed for the clothing leather market. Pittard splits its sales into shoe upper leather 55 per cent and clothing 10 per cent. Its big strength, however, is water-proofable leather, where it is in the technological vanguard.

Garnar Booth, meanwhile, remains more diversified—spanning the entire leather process from hide markets and tanneries and producing a heap of finished products from chamois and clothing leather to "grain" which goes to the likes of handbags and upholstery.

Profits have slipped—£2.2m, £4.7m, £2.5m and then £1.5m pre-tax in the year to end-January, 1987.

Hillsdown's interest is "vertical." The food-to-furniture group is a large abattoir

operator, already has four fellingmongeries, yet takes in a growing furniture division which could welcome an increased supply of furniture leather.

That, though, has raised monopoly queries at the fellingmongery stage. Garnar is a large player in the UK sheepskin market taking some 2.5m skins out of the 15m domestic kill last year.

Hillsdown's total involvement is not known but the group claims its own abattoirs produce about 10 per cent of the UK kill of which less than half goes to its own fellingmongeries.

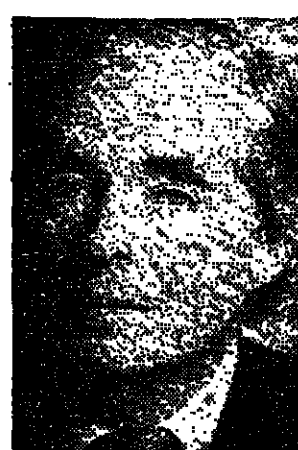
With Pittard, the fit is more "horizontal" but every bit as good. Pittard's marketing is widely-respected and could probably squeeze a good bit more from Garnar's chamois business—10-12 per cent of the world market.

On the shoe leather side, Pittard is already the largest supplier to the UK shoe industry but says customers are happy for it to take on Garnar's extra business.

Its gloving leather is sourced from the Middle East, using tougher hair skins, and could not replace this by domestic sheepskins.

However, Garnar's sheepskin strength would give a more than useful boost to Pittard's clothing interests—which, according to one analyst, might go some way to explaining managing director Richard Strong's decision to sell his company's 16 per cent Garnar stake to Hillsdown.

That is speculation: what is undeniable is the hefty rise in Pittard shares—from 100p to 300p—during the past six months. The group has only recently been discovered by analysts, perhaps most ardently Capel-Cure Myers whose market-making arm has consistently offered the best quotes.



David Macdonald, chairman of Pittard Group

According to the CCM, the market had failed to realise the significance of Pittard's water-proofing techniques, which have already secured it over 50 per cent of the US golfing glove market and have extensive implications for the likes of suede, and even military boots.

Pittard beat everyone's estimates when it made £4.17m (rather than the £3.6m predicted) pre-tax in 1986. Now CCM have just lifted their forecast for the current year to £5.1m, putting the shares on a prospective P/E of under 12.

But views varied widely—Alexanders Laing & Cruickshank, for instance, is going for £4.5m.

Who proves correct, only time alone will tell. Yesterday, the real losers appeared to be the Garnar board, who appear to have backed the wrong horse at the last minute.

Still, John Pittard, group managing director, was yesterday stressing a co-operative approach. And who knows where the Hillsdown interest will eventually lead.

Pittard near success in battle for Garnar Booth

BY NIKKI TAIT

YEOVIL-BASED Pittard yesterday stood within a sight of success in its £30m bid battle for fellow leather group, Garnar Booth.

Bill Samuel, advisors to Pittard, announced that the company had either purchased or received acceptances from holders of 46.97 per cent of Garnar's shares. Moreover, one institution had also agreed to accept in respect of a further 1.26 per cent holding—but this is still subject to validation.

Undeterred, rival bidders Hillsdown remained in the market for Garnar shares

yesterday and was believed to have made a small increase in its declared 37.2 per cent stake. Both sides have been actively canvassing the remaining institutional holders.

Yesterday, Mr Harry Solomon, chairman of Hillsdown, refused to be drawn on the company's plans for the stake should Pittard succeed. "Our attitude is that we've bought a lot of shares and are continuing to buy," was all he would say. "We are long-term investors."

The Garnar board which backed the increased Hillsdown

bid last Friday—having previously recommended the earlier, lower Pittard terms—yesterday said it had done so on the understanding that Pittard would not revise its terms. Yesterday the board remained firmly behind the Hillsdown offer.

Mr J. Pittard, managing director of Pittard, said that he still "wanted to work with the Garnar board" and would approach the merger—assuming success—"as co-operatively as possible."

Garnar shares were unchanged at 28.9p.

Braithwaite losses reduced

BY MIKE SMITH

Braithwaite Group, the engineering company which has launched a £27m agreed takeover for heat equipment manufacturer Andrews Group, yesterday announced that pre-tax losses for last year were £248,000, against £1.02m in 1985-86.

Mr Andrew Pitton, managing director since January, said the results were unsatisfactory but the company had started initiatives to develop new products and cut working capital.

"These changes are expected to have considerable effect this year," he said.

The purchase of Andrews,

which will increase the company's market capitalisation from about £11m to £39m, was the first stage in building up an industrial holding company with four main legs.

Braithwaite and Andrews would form the first two legs, the company was looking at companies in the security industry for a third, and a fourth had still to be decided.

In the year to March 31, Engineering Plastics recorded reduced profit and new product opportunities were being sought. Profits at Braithwaite Plastics were also down but cash flow was good because of destocking and a better performance was

expected this year. Braithwaite Automatics performed to budget and another strong performance was also expected in the current 12 months.

The losses were made on sales of £3.15m (£3.97m). Loss per ordinary share was 9p (20.5p) and no dividend is being paid. Braithwaite is to pay for the Andrews acquisition through the issue of 8.3m ordinary shares and 9.2m convertible preference shares. Most of these are to be offered to Braithwaite's existing shareholders. Braithwaite shares were suspended at 40.5p of the company's request.

Martin Ford losses accelerate

BY SIMON HOLBERTON

Martin Ford, the clothing retailer which has undergone dramatic changes over the past year, incurred a pre-tax loss of £2.36m in the 14 months to January 31, compared with losses of £282,665 in 12 months to November 1985.

During the period control of the company changed hands, there was a major sale and selective lease-back of the company's property, the Martin Ford retailing name was changed to Stage, and the Michael Barrie menswear group was purchased for £1.1m.

According to yesterday's

announcement the change of the company's stores to Stage and the costs associated with their eight-week closure totalled £2.17m. Other unspecified losses accounted for £134,000 and losses on continuing businesses amounted to £60,000.

In March the Stage group was sold for £3.9m. Today, Martin Ford consists of the Michael Barrie stores and the proceeds of the asset sales. Mr Ronald Aitken, the chairman, said the company had about £3.7m, predominantly in cash.

"The group is in a healthy

financial position and is now ready to deploy its resources in areas where the company believes the management of the group has skills to offer," he said.

Turnover for the period was £8.2m, compared with £6.5m, of which property and development subsidiary generated £1. The sale and leaseback of properties produced an extraordinary gain of £4.4m.

Loss per share amounted to 14.21p, pre-extraordinary. Martin Ford's balance sheet date has been changed to sale and leaseback of properties produced an extraordinary gain of £4.4m.

The group is in a healthy

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding year	Total last year	Total year
Percy Bilton	8.741	July 1	2.8	5	4.2
Lee Cooper	8.4	July 1	1.25	—	5.25
Delemons	1.5	July 1	2.56	nil	3.82
FTC Lilley	nil	—	3.5	5.9	5.5
Udd	3.8	—	12.5	21	17.2
United Friendly	14.87	June 30	12.1	21	17.2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Freshbake in two deals

Freshbake Foods Group has acquired all the outstanding ordinary shares of Premier Vegetables, based in Cork, Republic of Ireland. Freshbake previously held 25 per cent of the equity (through Wold, which it acquired in January). Freshbake, which already sells extensively in Ireland, intends to integrate all its Irish activities and to expand its marketing efforts in that country.

In another deal Freshbake and Frigoscandia, a wholly-owned subsidiary of the AGA Group of Sweden, have formed a new joint company to be called FRIGOFRESH.

The new joint company will exclusively process vegetables for Freshbake, but Freshbake will retain responsibility for product quality and marketing. FRIGOFRESH will pay £1.5m in cash for the processing facilities.

TUNIS INTERNATIONAL BANK بنك تونس العالمي

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FINANCIAL STATEMENT AS AT DECEMBER 31st 1986

US\$ '000	US\$ '000
Cash and due from banks	17,512
Interbank placements	105,978
Commercial loans and advances	115,874
TOTAL EARNING ASSETS	221,852
Investments in financial institutions	3,952
Fixed assets and def. charges	997
Customers' liabilities on acceptances	3,574
Accrued interest and other assets	4,793
TOTAL ASSETS	232,460
Authorized capital: Hundred Million US Dollars	
Paid-up capital	40,227
Reserves	5,421
Net income for the year	2,911
Shareholders' subscribed loan	10,000
TOTAL SHAREHOLDERS' FUNDS	58,559
Due to banks and demand deposits	1,196
Fixed Deposits	16,173
Interbank Deposits	157,241
Long Term Deposits	13,498
TOTAL DEPOSITS	186,108
Acceptances outstanding	3,574
Other Liabilities	2,439
TOTAL LIABILITIES	194,121
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	232,460
Bank's liabilities—Letters of Credit	94,170
Guarantees and Acceptances	—
TOTAL	346,850

The paid-up capital has been increased from US\$40,227,000 to US\$43,586,750 as at March 31 1987. The General Assembly, during its fourth meeting held in Tunis on 23rd March 1987, has approved a dividend distribution of US\$2,000,000.

MAIN SHAREHOLDERS

YEMEN BANK FOR RECONSTRUCTION AND DEVELOPMENT	AL RAJHI COMMERCIAL EST. FOR EXCHANGE
KUWAITI FRENCH BANK	KUWAIT REAL ESTATE INVESTMENT CONSORTIUM
FIRST GULF BANK	AL FUTTOOH INVESTMENT CO.
ARAB AFRICAN INTERNATIONAL BANK	GULF GROUP FOR PROJECTS AND INDUSTRIES
OMAN INTERNATIONAL BANK	UNITED FISHERIES OF KUWAIT
AL BAHRAIN ARAB AFRICAN BANK	EAGLETIX PUBLISHERS
BANK OF KHARTOUM	KOMYT INCORPORATED
	OTHER ARAB AND EUROPEAN CORPORATIONS

CUSTOMER INFORMATION FROM GENERAL MOTORS

HOW TO USE COMPUTERS INTELLIGENTLY

FASTER MARKET RESPONSE, QUALITY IMPROVEMENT, AND COST-CUTTING

At the beginning of this decade, the problem was clear. American industry was in decline. Some short-term fixes were possible, but competition from lower-wage nations demanded something more—an American industrial renaissance. GM took the challenge.

We set out to develop a new American method of production, integrating new technology with new social systems in a human partnership that gives people authority over machines and responsibility for their work.

We had to do more than emulate the Swedish or Japanese methods, we had to have better integration of the social system with technology. With the monumental tasks of reducing emissions and improving fuel economy coming under control, we were able to turn the attention of GM's engineers and scientists to this new task.

GM engineers developed the MAP (Machine Automation Protocol) system to permit machines already on the factory floor to communicate with each other and with the central computer. Before the invention of MAP, the machines, which spoke different computer "languages," were difficult to manage or even

to operate. Under the new system, the machines could be instructed from a central source, made to work in harmony. The opportunity for flexible manufacturing had come to the factory floor.

Cost-cutting was another mission for computer technology. GM, working together with union people, devised a way to save millions of dollars a month. Without reducing benefits to employees! Computer programs were designed and implemented. And the cost-saving began.

EDS, assisted by Hughes Aircraft with its experience in communications satellites, is designing a communications system to link more than 200 major GM facilities in 39 countries, along with 50,000 other locations, including GM dealers, suppliers, and financial offices.

The combined efforts of GM engineers, EDS, Hughes Aircraft, and associated artificial intelligence companies, are showing remarkable results in advanced computer-integrated manufacturing. By using computers more effectively, we have greatly reduced market response time. Parts can be designed, manufactured, and tested in a single interactive system. Simulations on computers can cut out months of building, testing, revising and retesting of both products and plant operations.

Computers are now improving GM quality. For example, computer vision systems enable us to gauge the accuracy of the body of a car after the unpainted

metal parts have been welded together. We can make sure now that every single part of every car body meets specifications. In three dimensions.

Right now, scientists and engineers, working with facilities managers, have completed the strategy and are implementing a real-time computer system which will carry individual orders from the dealer, through the manufacturing and assembly process, to delivery to the customer.

A single system, with people in charge of the machines at every step along the way—that's a major part of the vision GM believed was necessary to make America world-competitive. It's cooperative, human, and high tech. By 1990, we expect it to help save us \$10 billion annually. Our goal is to be the undisputed quality leader in every price class in which we compete. And we're on the way.

The vision is paying off.

This advertisement is part of our continuing effort to give customers useful information about their cars and trucks and the company that builds them.



Chevrolet • Pontiac
Oldsmobile • Buick
Cadillac • GMC Truck
Opel • Vauxhall

COMMODITIES AND AGRICULTURE

'Accident prone' Comex takes another tumble

BY STEFAN WAGSTYL

VISITORS TO the Commodity Exchange, the New York futures market which deals in gold, silver, copper and aluminium, can rarely make sense of the frantic shouts and wild hand signals of the traders.

But in the last few days the exchange itself has had trouble trying to sort out the confusion in the trading pits. A sudden surge in silver prices on April 27 brought an unprecedented surge in business which swamped the settlement rooms of the exchange and of some of its 70 odd clearing members.

Comex, as the exchange is generally known, has now cleared the backlog, and is making changes to its procedures over the next few months to try to make sure the same difficulties do not recur. But it could take much longer for the exchange's reputation to recover.

In London and in New York, bullion banks trading bullion—bars and coins as opposed to paper futures contracts—reported an increase in investment interest. One trader said: "I do not know if any permanent damage has been done to Comex. But it has certainly tarnished its name."

The exchange fiercely denies that any harm has been done to its name. "People are saying that for their own self-interest. It is nonsense," says Dr. Terry Martin, a Comex senior vice president.

Nevertheless, the affair could not have come at a worse time for Comex, possibly threatening a recovery in its fortunes. Trade in precious metals has picked up strongly since last summer after a prolonged period of low volumes. The price of a Comex seat has climbed from \$65,000 in mid-1986 to an average of \$120,000 recently.

Comex is one of four New York commodity exchanges sharing one trading floor which together have been behind their rivals in Chicago in the 1980s in developing financial futures contracts at a time when trade in commodity contracts has mostly been dull.

The Chicago Board of Trade, the world's largest futures exchange, has been a quick to take advantage of Comex's latest misfortune. On Friday it announced plans for two new precious metals contracts—one for 1,000 ounces of gold and the other for 5,000 ounces of silver—identical to those traded on Comex. The CBOE, which already trades smaller gold and silver contracts, said "recent market conditions" had triggered a demand for larger-sized contracts.

Moreover, for the third time since 1980 Comex is under close scrutiny from the Commodity Futures Trading Commission, the US markets watchdog. The exchange was investigated after it suspended trading in silver in 1981, when the Texas bill-

lionaire Mr Nelson Bunker Hunt tried and failed to corner the market.

In 1985, the Commission tightened up the regulation of US futures markets generally following the Volume Investors affair on Comex, in which a clearing member of the exchange collapsed as a result of defaults by three gold options traders.

Comex argues that its latest difficulties have arisen from an unprecedented and unexpected swing in silver prices which soared by 40 per cent in a week to hit \$11.25 an ounce before falling back sharply. It says it acted prudently in closing early for three days last week in order to allow time for sorting out the backlog.

However, officials at other US exchanges say that the ability to cope with extreme swings in prices is the test of a well-run futures market. The Chicago Board of Trade said it recently handled 11 trades in a day without a hiccup, compared with an average for the year so far of some 350,000. Comex, which has been dealing with a daily average about 85,000, was swamped by 238,000.

Comex is now considering how to improve what it concedes is a "time-consuming" system of recording trades, which is prone to operator errors.

Currently, a floor broker

makes a written note of a trade and passes it to a clerk, who works for him. The clerk notes the trade on a brokerage sheet. In a "writing-up room" these sheets are normally handed to Comex staff who enter the details into the Comex computer.

Traders have responded heartily to the exchange's efforts to improve things. Only five out of 70 Comex clearing members use an alternative computer-to-computer link with Comex.

Comex now plans to follow other US exchange and increase the direct responsibility of clearing members for reporting trades, reducing the role of the floor brokers. The exchange has also doubled its settlement staff to 60.

Other US futures markets have had their problems. In particular, the regulatory authorities were concerned until trading rules were changed recently about excessive price swings in financial futures at the quarterly "triple witching hour" when a host of stock market contracts expired simultaneously.

But some traders claim that Comex is accident-prone. The Commission says, politely, that Comex is little different from other exchanges in its regulatory record but adds that Comex's problems do have a "higher profile and visibility" than most.

Tin futures decision postponed

BY WONG SULONG IN KUALA LUMPUR

THE KUALA LUMPUR Commodity Exchange Board has postponed a decision to introduce tin futures until next month to allow more time to study certain operational aspects of the proposed contract.

The board which met last Friday, will meet again in the first week of June. Mr Syed Jabbar said the KLCEB had given its approval for the tin contract to use US dollars. The KLCEB has also designated Penang and Singapore as delivery points, but has not yet appointed the warehouses in the two ports.

Meanwhile, Dr Lim Keng Yaik, the Malaysian Minister of Primary Industries, in his annual review of Malaysia's export commodities, is optimistic of better prices this year because of strong demand from industrialised countries.

Rubber prices should remain firm at current levels of 280 cents a kilo and supply is expected to be tight due to strong intake by the Soviet Union, China and South Korea.

Prices of palm oil and tin are also expected to remain at their current levels, which are a good 30 and 40 per cent higher than those obtained a year ago.

Timber prices have surged since the beginning of the year, due to strong demand and tight supply.

The only major Malaysian export commodity likely to face some price deterioration is cocoa, because of a growing world surplus. Malaysia is expected to export 120,000 tonnes of cocoa for 1987, making it the world's fourth biggest exporter.

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Maple Leaf sales decline

BY STEFAN WAGSTYL

SALES OF the Canadian Maple Leaf gold coin fell by 20 per cent last year to 1.5m ounces in the face of intense competition from the US from the newly-launched American Eagle coin.

The Maple Leaf's share of the bullion coin market fell from 65 per cent in 1985 to under 40 per cent of a market totalling 3m to 4m ounces in 1986, Mr Robert Kissin, the chairman, said yesterday.

The Maple Leaf increased sales to Japan and Europe but sales to the US, previously the biggest market, fell to "an amount," said Mr Kissin.

Sales of the US Eagle, launched last year, totalled 1.78m ounces, as American buyers turned away from imported coins in droves.

The Maple Leaf results show how competitive the market for bullion coins has become ever since the demise of the South

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Tighter UK fishing boat rules planned

By David Blackwell

THE GOVERNMENT plans to tighten the law on the registration of British fishing boats to curb fishing against UK quotas by foreign-owned vessels.

Mr Michael Jopling, the Agriculture Minister, said that under the changes any company wanting to register a British vessel would have to be largely owned and managed by British citizens resident in the UK.

"I am very much aware of the industry's concern about foreign interests making use of our present relatively liberal registration arrangements to enable their vessels to fish against UK quotas," he told the annual general meeting of the National Federation of Fishermen's Organisations in York.

The report says higher at demand, coupled with reduced production, will lead to increased dependence on imports.

"It is projected that additional imports of 4m to 6m b/d will be required by the early 1990s, over 1985 levels rising to 6m to 8m b/d by the year 2000."

The Organisation for Economic Co-operation and Development countries will depend on imports for about 65 per cent of their oil, compared with only about 50 per cent now.

Even before the fall in oil prices, the OECD countries' efforts to find new oil fields had become progressively less successful. "New discoveries have declined, both in absolute terms and relative to production," says the report.

In addition, the cumulative discovery of new oil has been falling in relation to the number of exploration wells drilled. "Despite continuing technological improvements in exploration techniques, the current low prices will make it much more difficult to reverse the decline in a new discovery and reserve additions."

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LONDON MARKETS

PRICES FOR lead and zinc rose sharply on the London Metal Exchange yesterday, reflecting Cominco's declaration of force majeure for all products from its Kimberley/Trail mining complex, where 2,000 workers started a strike over wages, the weekend.

The Trail smelter, about 400 miles east of Vancouver, produced 240,000 tonnes of zinc and 110,000 tonnes of lead last year. Lead, which rose \$21 a tonne to \$420 for cash metal, remains in tight supply, with stocks in LME warehouses falling for the 18th consecutive week to 10,275 tonnes. Zinc's increase of \$11 a tonne to \$554.5 for cash metal, was also spurred by news of producer price rises from both the US and Europe.

The state-owned Minnesota Metals declared force majeure on shipments of 3m lbs of Marquette size smaller, which has technical problems and could be out of action for 45 days. Oil prices also rose, with the price of Brent crude for June delivery quoted 30 cents higher at \$18.50 a barrel. The rise was fuelled by strong advances in oil products, and by generally bullish sentiment.

International Petroleum Exchange, the price of gasoline was up by \$3 to \$187 a tonne.

LME prices supplied by Amalgamated Metal Trading.

Aluminium: 100 lb 1000.00 +0.50 1000.50
Copper: 100 lb 100.00 +0.50 100.50
Zinc: 100 lb 100.00 +0.50 100.50

Gold: 1000 gms 1000.00 +0.50 1000.50
Silver: 1000 gms 100.00 +0.50 100.50

Platinum: 100 gms 100.00 +0.50 100.50
Palladium: 100 gms 100.00 +0.50 100.50

Nickel: 100 lb 100.00 +0.50 100.50
Cobalt: 100 lb 100.00 +0.50 100.50

Iron: 100 lb 100.00 +0.50 100.50
Steel: 100 lb 100.00 +0.50 100.50

Lead: 100 lb 100.00 +0.50 100.50
Zinc: 100 lb 100.00 +0.50 100.50

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INDICES

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MAIN PRICE CHANGES
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METALS
Aluminium: 100 lb 100.00 +0.50 100.50
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Zinc: 100 lb 100.00 +0.50 100.50
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CURRENCIES, MONEY & CAPITAL MARKETS

37

FOREIGN EXCHANGES

Pound falls on election news

STERLING FELL back on profit taking after the news that Mrs Margaret Thatcher, the Prime Minister, had called a UK General Election for June 11.

Earlier in the day dealers reported further intervention by the Bank of England to sell sterling, as the pound hovered just below DM3.00.

Sterling retreated from the day's peaks, touched before the election announcement, falling to DM2.98 from DM2.9950. It also fell 1.65 cents to \$1.6590 from \$1.6600, and fell to FF9.9550 from FF10.0050, to SP2.45 from SP2.4650, and to Y235 from Y236.

The exchange rate index, calculated by the Bank of England, declined 0.3 to 73.3.

The dollar traded just below DM1.90 and around ¥140 for most of the day, gaining ground on slightly improved sentiment about the US economy, and speculation the US Federal Reserve might increase its discount rate by 1/4 per cent to 6 per cent in the near future.

Last Friday's US unemployment figures were much better than expected, but dealers suggested the major test of the dollar's recent upward trend would come on Thursday, with publication of the March US trade figures.

The trade deficit was forecast to improve from February's shortfall of \$15.1bn, with the market generally expecting a figure of around \$12bn to \$13bn.

Apart from the trade figure, March business indicators are also due on Thursday, and were forecast to rise 0.1 per cent.

£ IN NEW YORK

May 11	Latest	Previous
£100	1.6590-1.6600	1.6740-1.6750
1 month	0.31-0.30	0.31-0.30
3 months	0.68-0.65	0.68-0.65
12 months	1.15-1.05	1.16-1.10

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 11	Previous
£100	73.3	73.8
10.00	73.3	73.7
12.00	73.3	73.7
14.00	73.3	73.7
16.00	73.3	73.7
18.00	73.3	73.7
20.00	73.3	73.7
22.00	73.3	73.7
24.00	73.3	73.7

CURRENCY RATES

May 11	Bank	Special	Forward
		Rate	Rate
US dollar	1.6590	1.6600	1.6750
Swiss franc	1.6590	1.6600	1.6750
Canadian dollar	7.90	7.90	7.90
Australian dollar	1.6590	1.6600	1.6750
Belgian franc	1.6590	1.6600	1.6750
Dutch guilder	1.6590	1.6600	1.6750
French franc	1.6590	1.6600	1.6750
German mark	1.6590	1.6600	1.6750
Italian lire	1.6590	1.6600	1.6750
Japanese yen	1.6590	1.6600	1.6750
Spanish peseta	1.6590	1.6600	1.6750
Portuguese escudo	1.6590	1.6600	1.6750
Irish punt	1.6590	1.6600	1.6750

CSFRS rate for May 11: 1.7483.

CURRENCY MOVEMENTS

May 11	Bank	Special	Forward
		Rate	Rate
US dollar	1.6590	1.6600	1.6750
Swiss franc	1.6590	1.6600	1.6750
Canadian dollar	7.90	7.90	7.90
Australian dollar	1.6590	1.6600	1.6750
Belgian franc	1.6590	1.6600	1.6750
Dutch guilder	1.6590	1.6600	1.6750
French franc	1.6590	1.6600	1.6750
German mark	1.6590	1.6600	1.6750
Italian lire	1.6590	1.6600	1.6750
Japanese yen	1.6590	1.6600	1.6750
Spanish peseta	1.6590	1.6600	1.6750
Portuguese escudo	1.6590	1.6600	1.6750
Irish punt	1.6590	1.6600	1.6750

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FINANCIAL FUTURES

Prices slightly weaker

PRICES FINISHED below Friday's closing levels in sterling-based contracts in the London International Financial Futures Exchange yesterday.

This followed the announcement of a June 11 US general election, with speculation about the outcome of the election.

The dollar rose to ¥140.00 from ¥139.50 on Friday, but fell to ¥139.00 on Tuesday. The pound fell to DM2.98 from DM2.9950 on Friday, but fell to DM2.9750 on Tuesday.

The yen was slightly weaker against the dollar in dull Tokyo trading. Last Friday's better than expected US employment figures supported the dollar, but dealers were reluctant to trade ahead of Thursday's US trade figures.

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Company Notices

TRONOH MINES MALAYSIA BERHAD

(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Tronoh Mines Malaysia Berhad will be held at the PNB Theatre, 2nd Floor, Malayan Plaza, 202A, Jalan Tun Razak, 50000 Kuala Lumpur, Malaysia on Thursday, 11th June 1987 at 10.00 am for the following purposes:

To consider and, if thought fit, pass the following resolutions and to transact any other business that may come before the meeting:

1. That the profit and loss account for the year ended 31st December 1986 and the balance sheet of the Company at that date and the consolidated profit and loss account for the year ended 31st December 1986, the consolidated balance sheet at that date and the consolidated statement of source and application of funds of the Company and its subsidiaries together with the annual reports of the Directors and Auditors be and are hereby resolved and adopted and the final dividend of 25 sen per share, less tax at 40 per cent, recommended thereon be and is hereby resolved and declared payable on 15th June 1987 to the members of the Company registered at the close of business on 22nd May 1987.

2. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

3. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

4. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

5. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

6. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

7. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

8. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

9. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

10. That Mr. A. J. W. Davies, who resigns by rotation, be and is hereby re-elected a Director of the Company.

11. That Mr. A. J

ET UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

Abbey Unit 1st. Mgrs. (A)
 80 Holderness Rd, Bournemouth
 High Income
 Annual Income (5) 7 55

BASE LENDING RATES

ABN Bank	%	● Chartered Bank	%	● National Bank	%
Adidas & Company	%	● Citibank Inc.	%	● Morgan Crucible	%
Adolf Aegle Bt.	%	● Citicredit Savings	£12.45	● Mac Credit Corp Ltd.	50%
Alfred Dunbar & Co	%	● City Merchants Bank	%	● Nat. Bk. of Kuwait	%
Alfred Irish Bank	%	● Cysco Bank Ltd.	%	● NatWestminster	%
American Express Bt.	%	● Comex Bt. R. East	%	● Northern Bank Ltd.	%
Arve Bank	%	● Consolidated Credit	%	● Overseas-Chinese	%
Avon America	%	● Co-operative Bank	94	● PK Finance, Ltd (UK)	%
● AZZ Banking Group	%	● Cyprus Public Bt.	%	● Provincial Trust Ltd.	12%
● Associates Cap Corp.	%	● Duncan Lawrie	%	● R. Rabat & Son	%
● Banco de Do Lat.	%	● E. T. Trust	11	● Robinsons Grantee	10%
Barra de Bilbao	%	● Equat'l Yst'g plc	92	● Royal Bk of Scotland	%
● Bank Rogien	%	● Exeter Trust Ltd.	%	● Royal Trust Bt.	%
● Bank of America	%	● First Nat. City Bt.	10%	● Swiss W. & A. Bank	50%
Bank Capital	%	● First Nat. Fin. Corp.	102%	● Standard Chartered	%
Bank of Cyprus	%	● First Nat. Sec. Ltd.	102%	● Swiss Savings Bank	%
Bank of Ireland	%	● Robert Fleming & Co.	%	● UDT Mortgage Ag.	£13
Bank of India	%	● Robert Fraser & Pils.	%	● United Bk of Kuwait	%
Bank of Scotland	%	● Girobank	%	● United Mercant Bank	%
● Banco Regio Ltd.	%	● Grifone Bank	4%	● Union Trust Corp.	%
● Bankers Bt. Ltd.	%	● Guthrie & Shaw	%	● Wapoor Bt. Bt.	%
● Bankwest Trust Ltd.	%	● HFB Trust & Savings	%	● Whiteaway Ltd.	%
● Beneficial Trust Ltd.	11	● Harbort Bank	%	● Yorkshire Bank	%
● Benliner Bank AG	%	● Hambro & Co. Ltd.	%		
● Bre Bk of Mid East	%	● H. M. S. Ltd.	20%	● Members of the Accounts Committee	
● Brown Shipley	%	● Chase & Co.	20%	● Total—£2,500—25 as 3	

Webster Mortgage Ytd.	9½	Hopkyn & Searge	9½	At call	
Cl. Bank Mortgage	9	United Bank	9	210,000's + revolving	
Credit Permanent	9	Mass Western Ltd.	9½	3 Call deposits £3,000 and	
Cayser Ltd.	9	Megargal & Sons Ltd.	9	4½% gross. 1 Mortgage based	
				4 Demand deposit	4
				Mortgage 11.25%	

UNIT TRUST YEAR BOOK 1987

CONTENTS

● Review of 1996	● Table of trusts in order of size
● The future of the industry	● Trusts yield table
● Unit trusts – a new era?	● Monthly sales and total funds table
● Comments on performance	● Table of Management Groups in order of size
● What is a unit trust?	● Management Groups performance table
● Glossary	● Management Groups
● Choosing a unit trust	● Unit trusts details
● How to invest	● Trusts for pension funds and charities
● Getting advice	● Trust name changes and mergers
● The role of the Unit Trust Association	
● Performance tables	
● Indices	

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1	2	3	4	5	6	7	8
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ORDER FORM
RETURN TO: PUBLICATIONS MARKETING DEPT., FINANCIAL TIMES

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INSURANCES

Contd. on next Page

Financial Times Tuesday May 12 1987

مكتبة ابن الجوزي

BRITISH FUNDS BRITISH FUNDS—Contd FOREIGN BONDS & RAILS—Contd

1987	Stock	Price	%	Yield	Int.	Vol.	1987	Low	Stock	Price	%	Yield	Int.	Vol.	1987	Low	Stock	Price	%	Yield	Int.	Vol.
"Shorts" (Lives up to Five Years)							Index-Linked							AMERICANS								
10088	99111111111111111111	100.00	9.98	8.96			10089	1000000000000000	100.00	9.98	8.96			10090	1000000000000000	100.00	9.98	8.96				
10089	99111111111111111111	100.00	9.98	8.96			10090	1000000000000000	100.00	9.98	8.96			10091	1000000000000000	100.00	9.98	8.96				
10090	99111111111111111111	100.00	9.98	8.96			10091	1000000000000000	100.00	9.98	8.96			10092	1000000000000000	100.00	9.98	8.96				
10091	99111111111111111111	100.00	9.98	8.96			10092	1000000000000000	100.00	9.98	8.96			10093	1000000000000000	100.00	9.98	8.96				
10092	99111111111111111111	100.00	9.98	8.96			10093	1000000000000000	100.00	9.98	8.96			10094	1000000000000000	100.00	9.98	8.96				
10093	99111111111111111111	100.00	9.98	8.96			10094	1000000000000000	100.00	9.98	8.96			10095	1000000000000000	100.00	9.98	8.96				
10094	99111111111111111111	100.00	9.98	8.96			10095	1000000000000000	100.00	9.98	8.96			10096	1000000000000000	100.00	9.98	8.96				
10095	99111111111111111111	100.00	9.98	8.96			10096	1000000000000000	100.00	9.98	8.96			10097	1000000000000000	100.00	9.98	8.96				
10096	99111111111111111111	100.00	9.98	8.96			10097	1000000000000000	100.00	9.98	8.96			10098	1000000000000000	100.00	9.98	8.96				
10097	99111111111111111111	100.00	9.98	8.96			10098	1000000000000000	100.00	9.98	8.96			10099	1000000000000000	100.00	9.98	8.96				
10098	99111111111111111111	100.00	9.98	8.96			10099	1000000000000000	100.00	9.98	8.96			10100	1000000000000000	100.00	9.98	8.96				
10099	99111111111111111111	100.00	9.98	8.96			10100	1000000000000000	100.00	9.98	8.96			10101	1000000000000000	100.00	9.98	8.96				
10100	99111111111111111111	100.00	9.98	8.96			10101	1000000000000000	100.00	9.98	8.96			10102	1000000000000000	100.00	9.98	8.96				
10101	99111111111111111111	100.00	9.98	8.96			10102	1000000000000000	100.00	9.98	8.96			10103	1000000000000000	100.00	9.98	8.96				
10102	99111111111111111111	100.00	9.98	8.96			10103	1000000000000000	100.00	9.98	8.96			10104	1000000000000000	100.00	9.98	8.96				
10103	99111111111111111111	100.00	9.98	8.96			10104	1000000000000000	100.00	9.98	8.96			10105	1000000000000000	100.00	9.98	8.96				
10104	99111111111111111111	100.00	9.98	8.96			10105	1000000000000000	100.00	9.98	8.96			10106	1000000000000000	100.00	9.98	8.96				
10105	99111111111111111111	100.00	9.98	8.96			10106	1000000000000000	100.00	9.98	8.96			10107	1000000000000000	100.00	9.98	8.96				
10106	99111111111111111111	100.00	9.98	8.96			10107	1000000000000000	100.00	9.98	8.96			10108	1000000000000000	100.00	9.98	8.96				
10107	99111111111111111111	100.00	9.98	8.96			10108	1000000000000000	100.00	9.98	8.96			10109	1000000000000000	100.00	9.98	8.96				
10108	99111111111111111111	100.00	9.98	8.96			10109	1000000000000000	100.00	9.98	8.96			10110	1000000000000000	100.00	9.98	8.96				
10109	99111111111111111111	100.00	9.98	8.96			10110	1000000000000000	100.00	9.98	8.96			10111	1000000000000000	100.00	9.98	8.96				
10110	99111111111111111111	100.00	9.98	8.96			10111	1000000000000000	100.00	9.98	8.96			10112	1000000000000000	100.00	9.98	8.96				
10111	99111111111111111111	100.00	9.98	8.96			10112	1000000000000000	100.00	9.98	8.96			10113	1000000000000000	100.00	9.98	8.96				
10112	99111111111111111111	100.00	9.98	8.96			10113	1000000000000000	100.00	9.98	8.96			10114	1000000000000000	100.00	9.98	8.96				
10113	99111111111111111111	100.00	9.98	8.96			10114	1000000000000000	100.00	9.98	8.96			10115	1000000000000000	100.00	9.98	8.96				
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10119	99111111111111111111	100.00	9.98	8.96			10120	1000000000000000	100.00	9.98	8.96			10121	1000000000000000	100.00	9.98	8.96				
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10137	99111111111111111111	100.00	9.98	8.96			10138	1000000000000000	100.00	9.98	8.96			10139	1000000000000000	100.00	9.98	8.96				
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10141	99111111111111111111	100.00	9.98	8.96			10142	1000000000000000	100.00	9.98	8.96			10143	1000000000000000	100.00	9.98	8.96				
10142	99111111111111111111	100.00	9.98	8.96			10143	1000000000000000	100.00	9.98	8.96			10144	1000000000000000	100.00	9.98	8.96				
1																						

LONDON SHARE SERVICE

AMERICANS—Continued

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CANADIANS

[illegible]

BANKS,

HP & LEASING									
High	Low	Stock	Price	% of	Ch	Ytd	P/E		
287	219	AMC S&P 110	254	-1.2	1.2	6.4	8.4		
288	219	AMC S&P 110	254	-1.2	1.2	6.4	8.4		
473	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
474	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
475	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
476	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
477	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
478	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
479	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
480	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
481	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
482	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
483	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
484	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
485	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
486	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
487	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
488	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
489	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
490	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
491	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
492	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
493	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
494	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
495	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
496	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
497	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
498	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
499	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
500	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
501	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
502	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
503	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
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580	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
581	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
582	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
583	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
584	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
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617	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
618	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
619	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
620	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
621	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
622	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
623	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
624	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
625	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
626	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
627	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
628	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
629	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
630	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
631	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
632	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
633	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
634	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
635	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		
636	220	Alfred Hoff	263	+3	0.2%	5.6	8.2		

BEERS,

WINES & SPIRITS									
462	317	Alfred-Louis	439	+7	19.5	24	10	16.8	
977	729	Rare	969	+12	17.0	32	24	17.9	
463	318	Alfred-Louis	970	+12	16.0	24	10	16.8	
978	730	Red	971	+12	17.0	32	24	17.9	
464	319	Bordeaux	972	+12	17.2	32	24	18.0	
979	731	Red	973	+12	17.2	32	24	18.0	
465	320	Bordeaux	974	+12	17.2	32	24	18.0	
980	732	Red	975	+12	17.2	32	24	18.0	
466	321	Bordeaux	976	+12	17.2	32	24	18.0	
981	733	Red	977	+12	17.2	32	24	18.0	
467	322	Bordeaux	978	+12	17.2	32	24	18.0	
982	734	Red	979	+12	17.2	32	24	18.0	
468	323	Bordeaux	980	+12	17.2	32	24	18.0	
983	735	Red	981	+12	17.2	32	24	18.0	
469	324	Bordeaux	982	+12	17.2	32	24	18.0	
984	736	Red	983	+12	17.2	32	24	18.0	
470	325	Bordeaux	984	+12	17.2	32	24	18.0	
985	737	Red	985	+12	17.2	32	24	18.0	
471	326	Bordeaux	986	+12	17.2	32	24	18.0	
986	738	Red	987	+12	17.2	32	24	18.0	
472	327	Bordeaux	988	+12	17.2	32	24	18.0	
987	739	Red	989	+12	17.2	32	24	18.0	
473	328	Bordeaux	990	+12	17.2	32	24	18.0	
988	740	Red	991	+12	17.2	32	24	18.0	
474	329	Bordeaux	992	+12	17.2	32	24	18.0	
989	741	Red	993	+12	17.2	32	24	18.0	
475	330	Bordeaux	994	+12	17.2	32	24	18.0	
990	742	Red	995	+12	17.2	32	24	18.0	
476	331	Bordeaux	996	+12	17.2	32	24	18.0	
991	743	Red	997	+12	17.2	32	24	18.0	
477	332	Bordeaux	998	+12	17.2	32	24	18.0	
992	744	Red	999	+12	17.2	32	24	18.0	
478	333	Bordeaux	1000	+12	17.2	32	24	18.0	
993	745	Red	1001	+12	17.2	32	24	18.0	
479	334	Bordeaux	1002	+12	17.2	32	24	18.0	
994	746	Red	1003	+12	17.2	32	24	18.0	
480	335	Bordeaux	1004	+12	17.2	32	24	18.0	
995	747	Red	1005	+12	17.2	32	24	18.0	
481	336	Bordeaux	1006	+12	17.2	32	24	18.0	
996	748	Red	1007	+12	17.2	32	24	18.0	
482	337	Bordeaux	1008	+12	17.2	32	24	18.0	
997	749	Red	1009	+12	17.2	32	24	18.0	
483	338	Bordeaux	1010	+12	17.2	32	24	18.0	
998	750	Red	1011	+12	17.2	32	24	18.0	
484	339	Bordeaux	1012	+12	17.2	32	24	18.0	
999	751	Red	1013	+12	17.2	32	24	18.0	
485	340	Bordeaux	1014	+12	17.2	32	24	18.0	
1000	752	Red	1015	+12	17.2	32	24	18.0	
486	341	Bordeaux	1016	+12	17.2	32	24	18.0	
1001	753	Red	1017	+12	17.2	32	24	18.0	
487	342	Bordeaux	1018	+12	17.2	32	24	18.0	
1002	754	Red	1019	+12	17.2	32	24	18.0	
488	343	Bordeaux	1020	+12	17.2	32	24	18.0	
1003	755	Red	1021	+12	17.2	32	24	18.0	
489	344	Bordeaux	1022	+12	17.2	32	24	18.0	
1004	756	Red	1023	+12	17.2	32	24	18.0	
490	345	Bordeaux	1024	+12	17.2	32	24	18.0	
1005	757	Red	1025	+12	17.2	32	24	18.0	
491	346	Bordeaux	1026	+12	17.2	32	24	18.0	
1006	758	Red	1027	+12	17.2	32	24	18.0	
492	347	Bordeaux	1028	+12	17.2	32	24	18.0	
1007	759	Red	1029	+12	17.2	32	24	18.0	
493	348	Bordeaux	1030	+12	17.2	32	24	18.0	
1008	760	Red	1031	+12	17.2	32	24	18.0	
494	349	Bordeaux	1032	+12	17.2	32	24	18.0	
1009	761	Red	1033	+12	17.2	32	24	18.0	
495	350	Bordeaux	1034	+12	17.2	32	24	18.0	
1010	762	Red	1035	+12	17.2	32	24	18.0	
496	351	Bordeaux	1036	+12	17.2	32	24	18.0	
1011	763	Red	1037	+12	17.2	32	24	18.0	
497	352	Bordeaux	1038	+12	17.2	32	24	18.0	
1012	764	Red	1039	+12	17.2	32	24	18.0	
498	353	Bordeaux	1040	+12	17.2	32	24	18.0	
1013	765	Red	1041	+12	17.2	32	24	18.0	
499	354	Bordeaux	1042	+12	17.2	32	24	18.0	
1014	766	Red	1043	+12	17.2	32	24	18.0	
500	355	Bordeaux	1044	+12	17.2	32	24	18.0	
1015	767	Red	1045	+12	17.2	32	24	18.0	
501	356	Bordeaux	1046	+12	17.2	32	24	18.0	
1016	768	Red	1047	+12	17.2	32	24	18.0	
502	357	Bordeaux	1048	+12	17.2	32	24	18.0	
1017	769	Red	1049	+12	17.2	32	24	18.0	
503	358	Bordeaux	1050	+12	17.2	32	24	18.0	
1018	770	Red	1051	+12	17.2	32	24	18.0	
504	359	Bordeaux	1052	+12	17.2	32	24	18.0	
1019	771	Red	1053	+12	17.2	32	24	18.0	
505	360	Bordeaux	1054	+12	17.2	32	24	18.0	
1020	772	Red	1055	+12	17.2	32	24	18.0	
506	361	Bordeaux	1056	+12	17.2	32	24	18.0	
1021	773	Red	1057	+12	17.2	32	24	18.0	
507	362	Bordeaux	1058	+12	17.2	32	24	18.0	
1022	774	Red	1059	+12	17.2	32	24	18.0	
508	363	Bordeaux	1060	+12	17.2	32	24	18.0	
1023	775	Red	1061	+12	17.2	32	24	18.0	
509	364	Bordeaux	1062	+12	17.2	32	24	18.0	
1024	776	Red	1063	+12	17.2	32	24	18.0	
510	365	Bordeaux	1064	+12	17.2	32	24	18.0	
1025	777	Red	1065	+12	17.2	32	24	18.0	
511	366	Bordeaux	1066	+12	17.2	32	24	18.0	
1026	778	Red	1067	+12	17.2	32	24	18.0	
512	367	Bordeaux	1068	+12	17.2	32	24	18.0	
1027	779	Red	1069	+12	17.2	32	24	18.0	
513	368	Bordeaux	1070	+12	17.2	32	24	18.0	
1028	780	Red	1071	+12	17.2	32	24	18.0	
514	369	Bordeaux	1072	+12	17.2	32	24	18.0	
1029	781	Red	1073	+12	17.2	32	24	18.0	
515	370	Bordeaux	1074	+12	17.2	32	24	18.0	
1030	782	Red	1075	+12	17.2	32	24	18.0	
516	371	Bordeaux	1076	+12	17.2	32	24	18.0	
1031	783	Red	1077	+12	17.2	32	24	18.0	
517	372	Bordeaux	1078	+12	17.2	32	24	18.0	
1032	784	Red	1079	+12	17.2	32	24	18.0	
518	373	Bordeaux	1080	+12	17.2	32	24	18.0	
1033	785	Red	1081	+12	17.2	32	24	18.0	
519	374	Bordeaux	1082	+12	17.2	32	24	18.0	
1034	786	Red	1083	+12	17.2	32	24	18.0	
520	375	Bordeaux	1084	+12	17.2	32	24	18.0	
1035	787	Red	1085	+12	17.2	32	24	18.0	
521	376	Bordeaux	1086	+12	17.2	32	24	18.0	
1036	788	Red	1087	+12	17.2	32	24	18.0	
522	377	Bordeaux	1088	+12	17.2	32	24	18.0	
1037	789	Red	1089	+12	17.2	32	24	18.0	
523	378	Bordeaux	1090	+12	17.2	32	24	18.0	
1038	790	Red	1091	+12	17.2	32	24	18.0	
524	379	Bordeaux	1092	+12	17.2	32	24	18.0	
1039	791	Red	1093	+12	17.2	32	24	18.0	
525	380	Bordeaux	1094	+12	17.2	32	24	18.0	
1040	792	Red	1095	+12	17.2	32	24	18.0	
526	381	Bordeaux	1096	+12	17.2	32	24	18.0	
1041	793	Red	1097	+12	17.2	32	24	18.0	
527	382	Bordeaux	1098	+12	17.2	32	24	18.0	
1042	794	Red	1099	+12	17.2	32	24	18.0	
528	383	Bordeaux	1100	+12	17.2	32	24	18.0	
1043	795	Red	1101	+12	17.2	32	24	18.0	
529	384	Bordeaux	1102	+12	17.2	32	24	18.0	
1044	796	Red	1103	+12	17.2	32	24	18.0	
530	385	Bordeaux	1104	+12	17.2	32	24	18.0	
1045	797	Red	1105	+12	17.2	32	24	18.0	
531	386	Bordeaux	1106	+12	17.2	32	24	18.0	
1046	798	Red	1107	+12	17.2	32	24	18.0	
532	387	Bordeaux	1108	+12	17.2	32	24	18.0	
1047	799	Red	1109	+12	17.2	32	24	18.0	
533	388	Bordeaux	1110	+12	17.2	32	24	18.0	
1048	800	Red	1111	+12	17.2	32	24	18.0	
534	389	Bordeaux	1112	+12	17.2	32	24	18.0	
1049	801	Red	1113	+12	17.2	32	24	18.0	
535	390	Bordeaux	1114	+12	17.2	32	24	18.0	
1050	802	Red	1115	+12	17.2	32	24	18.0	
536	391	Bordeaux	1116	+12	17.2	32	24	18.0	
1051	803	Red	1117	+12	17.2	32	24	18.0	
537	392	Bordeaux	1118	+12	17.2	32	24	18.0	
1052	804	Red	1119	+12	17.2	32	24	18.0	
538	393	Bordeaux	1120	+12	17.2	32	24	18.0	
1053	805	Red	1121	+12	17.2	32	24	18.0	
539	394	Bordeaux	1122	+12	17.2	32	24	18.0	
1054	806	Red	1123	+12	17.2	32	24	18.0	
540	395	Bordeaux	1124	+12	17.2	32	24	18.0	
1055									

BUILDING,

[illegible]

BUILDING, TIMBER,

[illegible]

CHEMICALS

PLASTICS									
1474	638	Fluc. P-20	579	1-4	50	43	5	5	5
1475	638	Fluc. P-20	579	1-4	50	43	5	5	5
1476	241	Alkyls 100p	597	2-4	4	14	12	12	12
1477	647	Amethacril 10p	597	2-4	4	17	28	17	58
1478	243	Acrylic Chem 10p	597	2-4	4	5	13	23	12
1479	133	13 Acrylic Chem 10p	597	2-4	4	10	17	10	17
1480	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1481	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1482	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1483	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1484	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1485	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1486	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1487	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1488	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1489	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1490	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1491	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1492	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1493	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1494	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1495	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1496	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1497	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1498	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1499	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1500	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1501	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1502	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1503	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1504	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1505	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1506	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1507	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1508	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1509	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1510	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1511	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1512	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1513	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1514	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1515	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1516	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1517	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1518	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1519	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1520	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1521	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1522	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1523	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1524	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1525	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1526	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1527	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1528	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1529	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1530	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1531	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1532	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1533	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1534	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1535	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1536	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1537	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1538	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1539	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1540	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1541	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1542	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1543	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1544	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1545	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1546	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1547	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1548	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
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1550	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1551	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1552	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1553	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1554	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1555	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1556	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1557	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1558	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1559	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1560	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1561	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1562	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1563	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1564	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1565	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1566	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1567	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1568	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1569	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1570	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1571	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1572	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1573	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1574	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1575	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1576	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1577	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1578	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1579	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1580	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1581	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1582	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1583	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1584	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1585	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1586	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1587	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
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1589	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1590	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1591	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1592	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1593	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1594	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1595	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1596	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1597	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1598	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1599	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1600	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1601	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1602	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1603	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1604	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1605	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1606	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1607	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1608	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1609	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1610	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1611	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1612	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1613	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1614	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1615	177	177 ALKAL AG DN 50	597	2-4	4	10	17	10	17
1616	177	177 ALKAL AG DN 50							

DRAPERY AND

STORES									
294	37	Black & Veatch Inc.	28	218	18.52	5.2	14	18.3	0
295	105	Black & Veatch Inc.	28	750	18.52	5.2	29	18.3	0
300	105	Black & Veatch Inc.	28	147	8.4	0	8.2	18.3	0
301	105	Black & Veatch Inc.	28	147	8.4	0	8.2	18.3	0
273	200	Acquascan Inc.	28	13	2.1	17	13	13.9	0
274	200	Acquascan Inc.	28	13	2.1	17	13	13.9	0
302	40	Do "W" Inc.	28	225	10.0	3.4	22	10.3	0
303	40	Do "W" Inc.	28	225	10.0	3.4	22	10.3	0
630	545	Acquascan Inc.	28	100	3.4	22	17	13.9	0
636	545	Acquascan Inc.	28	100	3.4	22	17	13.9	0
640	545	Acquascan Inc.	28	100	3.4	22	17	13.9	0
100	10	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
148	90	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
166	90	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
234	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
235	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
236	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
237	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
238	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
239	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
240	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
241	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
242	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
243	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
244	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
245	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
246	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
247	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
248	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
249	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
250	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
251	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
252	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
253	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
254	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
255	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
256	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
257	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
258	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
259	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
260	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
261	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
262	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
263	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
264	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
265	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
266	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
267	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
268	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
269	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
270	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
271	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
272	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
273	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
274	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
275	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
276	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
277	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
278	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
279	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
280	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
281	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
282	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
283	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
284	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
285	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
286	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
287	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
288	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
289	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
290	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
291	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
292	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
293	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
294	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
295	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
296	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
297	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
298	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
299	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0
300	300	Black & Veatch Inc.	28	13	2.1	17	13	13.9	0

DRAPERY AND STORES—Cont.

[illegible]

PRICALS

352	AI Electronics	386	101	18	20	21
353	AIS Inc.	71	18	13	29	21
354	Alco Electronics	10	18	13	29	21
355	Alcon Corp.	174	18	13	29	21
356	Alcor Computing Inc.	37	18	13	29	21
357	Alcor Systems	10	18	13	29	21
358	Alcor Systems	10	18	13	29	21
359	Alcor Systems	10	18	13	29	21
360	Alcor Systems	10	18	13	29	21
361	Alcor Systems	10	18	13	29	21
362	Alcor Systems	10	18	13	29	21
363	Alcor Systems	10	18	13	29	21
364	Alcor Systems	10	18	13	29	21
365	Alcor Systems	10	18	13	29	21
366	Alcor Systems	10	18	13	29	21
367	Alcor Systems	10	18	13	29	21
368	Alcor Systems	10	18	13	29	21
369	Alcor Systems	10	18	13	29	21
370	Alcor Systems	10	18	13	29	21
371	Alcor Systems	10	18	13	29	21
372	Alcor Systems	10	18	13	29	21
373	Alcor Systems	10	18	13	29	21
374	Alcor Systems	10	18	13	29	21
375	Alcor Systems	10	18	13	29	21
376	Alcor Systems	10	18	13	29	21
377	Alcor Systems	10	18	13	29	21
378	Alcor Systems	10	18	13	29	21
379	Alcor Systems	10	18	13	29	21
380	Alcor Systems	10	18	13	29	21
381	Alcor Systems	10	18	13	29	21
382	Alcor Systems	10	18	13	29	21
383	Alcor Systems	10	18	13	29	21
384	Alcor Systems	10	18	13	29	21
385	Alcor Systems	10	18	13	29	21
386	Alcor Systems	10	18	13	29	21
387	Alcor Systems	10	18	13	29	21
388	Alcor Systems	10	18	13	29	21
389	Alcor Systems	10	18	13	29	21
390	Alcor Systems	10	18	13	29	21
391	Alcor Systems	10	18	13	29	21
392	Alcor Systems	10	18	13	29	21
393	Alcor Systems	10	18	13	29	21
394	Alcor Systems	10	18	13	29	21
395	Alcor Systems	10	18	13	29	21
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399	Alcor Systems	10	18	13	29	21
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401	Alcor Systems	10	18	13	29	21
402	Alcor Systems	10	18	13	29	21
403	Alcor Systems	10	18	13	29	21
404	Alcor Systems	10	18	13	29	21
405	Alcor Systems	10	18	13	29	21
406	Alcor Systems	10	18	13	29	21
407	Alcor Systems	10	18	13	29	21
408	Alcor Systems	10	18	13	29	21
409	Alcor Systems	10	18	13	29	21
410	Alcor Systems	10	18	13	29	21
411	Alcor Systems	10	18	13	29	21
412	Alcor Systems	10	18	13	29	21
413	Alcor Systems	10	18	13	29	21
414	Alcor Systems	10	18	13	29	21
415	Alcor Systems	10	18	13	29	21
416	Alcor Systems	10	18	13	29	21
417	Alcor Systems	10	18	13	29	21
418	Alcor Systems	10	18	13	29	21
419	Alcor Systems	10	18	13	29	21
420	Alcor Systems	10	18	13	29	21
421	Alcor Systems	10	18	13	29	21
422	Alcor Systems	10	18	13	29	21
423	Alcor Systems	10	18	13	29	21
424	Alcor Systems	10	18	13	29	21

ENGINEERING—Continued

[illegible]

**FOOD,
GROCERIES, ETC**

[illegible]

HOTELS AND

[illegible]

INDUSTRIALS (Miscel.)

High	Low	Stock	Price	+ or -	Div.	Yr	Yld	P/E
32 1/2	27 1/2	AAH	32 1/2	+3	17.6	2.5	3.3	16 1/2
31 1/2	26 1/2	AGA AB K25	31 1/2	-	10 1/2	0.8	4.2	15 1/2
27 1/2	21 1/2	AGB Research 10p	22 1/2	-1	6.75	0.8	4.2	15 1/2
18 1/2	12 1/2	AIM 10p	17 1/2	-	25.75	1.8	4.4	17 1/2
180	160	MASD E1	180	8.5	2.6	4.4	18 1/2
150 1/2	136	Aaronson Bros. 10p	145	-	4.2	0.9	4.0	40 1/2
300 1/2	89	Kalbycrest 10p	28 1/2	-2	33.0	4.6	1.5	20 1/2

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

1987	Stock	Price	Yield	Div	P/E
100	131	131	4.2	25	27
102	131	131	5.2	20	27
103	131	131	5.2	20	27
104	131	131	5.2	20	27
105	131	131	5.2	20	27
106	131	131	5.2	20	27
107	131	131	5.2	20	27
108	131	131	5.2	20	27
109	131	131	5.2	20	27
110	131	131	5.2	20	27
111	131	131	5.2	20	27
112	131	131	5.2	20	27
113	131	131	5.2	20	27
114	131	131	5.2	20	27
115	131	131	5.2	20	27
116	131	131	5.2	20	27
117	131	131	5.2	20	27
118	131	131	5.2	20	27
119	131	131	5.2	20	27
120	131	131	5.2	20	27
121	131	131	5.2	20	27
122	131	131	5.2	20	27
123	131	131	5.2	20	27
124	131	131	5.2	20	27
125	131	131	5.2	20	27
126	131	131	5.2	20	27
127	131	131	5.2	20	27
128	131	131	5.2	20	27
129	131	131	5.2	20	27
130	131	131	5.2	20	27
131	131	131	5.2	20	27
132	131	131	5.2	20	27
133	131	131	5.2	20	27
134	131	131	5.2	20	27
135	131	131	5.2	20	27
136	131	131	5.2	20	27
137	131	131	5.2	20	27
138	131	131	5.2	20	27
139	131	131	5.2	20	27
140	131	131	5.2	20	27
141	131	131	5.2	20	27
142	131	131	5.2	20	27
143	131	131	5.2	20	27
144	131	131	5.2	20	27
145	131	131	5.2	20	27
146	131	131	5.2	20	27
147	131	131	5.2	20	27
148	131	131	5.2	20	27
149	131	131	5.2	20	27
150	131	131	5.2	20	27
151	131	131	5.2	20	27
152	131	131	5.2	20	27
153	131	131	5.2	20	27
154	131	131	5.2	20	27
155	131	131	5.2	20	27
156	131	131	5.2	20	27
157	131	131	5.2	20	27
158	131	131	5.2	20	27
159	131	131	5.2	20	27
160	131	131	5.2	20	27
161	131	131	5.2	20	27
162	131	131	5.2	20	27
163	131	131	5.2	20	27
164	131	131	5.2	20	27
165	131	131	5.2	20	27
166	131	131	5.2	20	27
167	131	131	5.2	20	27
168	131	131	5.2	20	27
169	131	131	5.2	20	27
170	131	131	5.2	20	27
171	131	131	5.2	20	27
172	131	131	5.2	20	27
173	131	131	5.2	20	27
174	131	131	5.2	20	27
175	131	131	5.2	20	27
176	131	131	5.2	20	27
177	131	131	5.2	20	27
178	131	131	5.2	20	27
179	131	131	5.2	20	27
180	131	131	5.2	20	27
181	131	131	5.2	20	27
182	131	131	5.2	20	27
183	131	131	5.2	20	27
184	131	131	5.2	20	27
185	131	131	5.2	20	27
186	131	131	5.2	20	27
187	131	131	5.2	20	27
188	131	131	5.2	20	27
189	131	131	5.2	20	27
190	131	131	5.2	20	27
191	131	131	5.2	20	27
192	131	131	5.2	20	27
193	131	131	5.2	20	27
194	131	131	5.2	20	27
195	131	131	5.2	20	27
196	131	131	5.2	20	27
197	131	131	5.2	20	27
198	131	131	5.2	20	27
199	131	131	5.2	20	27
200	131	131	5.2	20	27

INSURANCES

2067		2068		2069		2070		2071		2072		2073		2074		2075		2076		2077		2078		2079		2080		2081		2082		2083		2084		2085		2086		2087		2088		2089		2090		2091		2092		2093		2094		2095		2096		2097		2098		2099		2100		2101		2102		2103		2104		2105		2106		2107		2108		2109		2110		2111		2112		2113		2114		2115		2116		2117		2118		2119		2120		2121		2122		2123		2124		2125		2126		2127		2128		2129		2130		2131		2132		2133		2134		2135		2136		2137		2138		2139		2140		2141		2142		2143		2144		2145		2146		2147		2148		2149		2150		2151		2152		2153		2154		2155		2156		2157		2158		2159		2160		2161		2162		2163		2164		2165		2166		2167		2168		2169		2170		2171		2172		2173		2174		2175		2176		2177		2178		2179		2180		2181		2182		2183		2184		2185		2186		2187		2188		2189		2190		2191		2192		2193		2194		2195		2196		2197		2198		2199		2200		2201		2202		2203		2204		2205		2206		2207		2208		2209		2210		2211		2212		2213		2214		2215		2216		2217		2218		2219		2220		2221		2222		2223		2224		2225		2226		2227		2228		2229		2230		2231		2232		2233		2234		2235		2236		2237		2238		2239		2240		2241		2242		2243		2244		2245		2246		2247		2248		2249		2250		2251		2252		2253		2254		2255		2256		2257		2258		2259		2260		2261		2262		2263		2264		2265		2266		2267		2268		2269		2270		2271		2272		2273		2274		2275		2276		2277		2278		2279		2280		2281		2282		2283		2284		2285		2286		2287		2288		2289		2290		2291		2292		2293		2294		2295		2296		2297		2298		2299		2300		2301		2302		2303		2304		2305		2306		2307		2308		2309		2310		2311		2312		2313		2314		2315		2316		2317		2318		2319		2320		2321		2322		2323		2324		2325		2326		2327		2328		2329		2330		2331		2332		2333		2334		2335		2336		2337		2338		2339		2340		2341		2342		2343		2344		2345		2346		2347		2348		2349		2350		2351		2352		2353		2354		2355		2356		2357		2358		2359		2360		2361		2362		2363		2364		2365		2366		2367		2368		2369		2370		2371		2372		2373		2374		2375		2376		2377		2378		2379		2380	
356	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	222	22																																																																																																																																																																																																																																																																		

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LONDON SHARE SERVICE

MINES—Continued[illegible]

84	3	Winnfield Expt 25c	7				
96	33	Winnfield Secs. 25c	39	-1			
522	13	Winnfield Burgess 20c	42				
153	56	Winnfield Secs. N.L.	130				
188	100	Winnfield B HHT 50c	158			01	1
194	394	Winnfield B HHT 50c	76			15	2
37	24	Winnfield Bridge 50c	25				
58	31	Winnfield Expt. N.L.	39				
210	65	Winnfield Secs. 25c	199				

43	26	Parsons Petroleum NL	41	1	1	1
228	109	Parsons Mngy Exp Sp	223	+2		
363	246	Peabo-Waters 50c	348	+1	Q20c	1.8
56	31	Pelarsen Res NL	50	+4		
13	13	Portman Mining	17	+1		
54	21	Queen Margaret gold	43			
74	31	Regent Mining 25c	52			
514	284	Rexson 50c	478	-9	Q100c	1.3
3	18	Samson Exp/NL	24	-1		
790	743	Seneca Gold NL	589	-23	Q35c	1.9

22	9	Southern Pacific	17				
152	76	Southern Res.	146	-6			
19	8	Southern Ventures 25c	41	-1			
55	2	Sargos Exp.	16				
21	17	Swan Res 20c	19				
67	24	Thames Mining 25c	53	-1			
107	70	Utah Goldfields NL	107		95c	31	2
33	18	West Coast 25c	28				
338	149	Wessex Mining 50c	332c	+2	103.7c	1.2	0

		Tins			
175	140	Ayer Hitam SMI	155	...	1000
168	30	Georor	58	...	0.7
60	50	Gopeng Bernam MSO 50	60	...	0.5
90	51	Janting 121p	90	+15	...
66	39	Malaysia Ming. 70c	66	+3	2.02
125	105	Petaling SMI	105	...	0.10

145	110	Trench SM1	140	145	0.8	1
Miscellaneous						
140	B4	Anglo-Dominion	112	+1		
90	24	Woolly Res Corp.	76			
240	162	Cons. March, 10c	240		0.050	9.4
69	38	Exemx Int. W10p	59	-12		
287	156	Exemx Int. Res.	287			

355	190	Whitwood Res.	308	+2		
124	121	Horseshoe Mtnng S.	622	+2	0206	0
442	167	McFinley Red Lake	432	+4		
150	86	Wuxio Explorations	99	+1		
100	38	New Sabra Res CS1	87			
580	200	Northgate CS1	544	+4		
237	104	Rio-Quebec Resources	233	+1		
110	69	RT2		+2	23.5	3
111	1454	Do. 9/1/1995-2000	1208	m-32	941	15.5/14

1987		Stock	Price	+ or -	Div	Yld	Gr%	Pr
High	Low							
475	180	Abelton Growth 10c	385	-6 1/2	3.5	2.7	1.2	41
35	28	Abelton Ann Pct 10c	32	-	-	-	-	-
125	110	Allied Ins. Brokers	123 1/2	-3 1/2	13.5	2.5	4.0	14
65	45	Catalyst Comm 5p	64	+6	-	-	-	-
78	47	Cortan Beach 10c	76	+15	-	-	-	37

41	17	(Do. Warrants)	24	-2	-	-	-	-
35	17	Publishing H Hgs. Sp	35	+3	-	-	-	-
58	45	Theme Holdings	48	-	1.0	6	2.9	6
138	111	Unit Group	113	-	R4.8	2.5	5.6	48.

Unless otherwise indicated, prices and net dividends are in pence. Denominations are 25p. Estimated price/earnings ratios and covers based on latest annual reports and accounts and, where possible, updated on half-yearly figures. P/E's are calculated on "net" distributable basis, earnings per share being computed on profit after tax on unrelieved ACT where applicable; bracketed figures indicate 10 cent or more difference if calculated on "all" distribution. Covers based on "dividend" distribution; this means that dividends are paid

estimated extent of offsettable ACT. Yields are based on middle price
are gross, adjusted to ACT of 27 per cent and allow for value of decedent
distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights
— issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.

- ✱ Not officially UK listed; dealings permitted under Rule 335(4)(b).
- ✱ US\$; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ✱ Death in under Rule 335(3).
- ✱ Price at time of suspension.
- ✱ Indicated dividend after pending scrip and/or rights issue: compares to previous dividend or forecast.
- ✱ Merger bid or reorganisation in progress.
- ✱ Not comparable.

- 9 Forecasts dividend, cover on earnings updated by latest inter-
- statement.
- 7 Cover allows for conversion of shares not now ranking for dividends
- or ranking only for restricted dividend.
- 2 Cover does not allow for shares which may also rank for dividends
- a future date. No P/E ratio usually provided.
- 11 No par value.

B.Fr. Belgian Francs. Fr. French Francs. $\frac{1}{2}$ Yield based on assumption
 Treasury Bill Rate stays unchanged until maturity of stock. A. Annual

on dividend or full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. i Payment from capital sources. j New. k Interim higher than previous total. l Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicates dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualized dividend rate cover based on previous year's earnings. v Subject to local tax. w Dividend cover on a company of 100 times. x Dividend and yield based on

B Preference dividend passed or deferred. C Canadian. E Minimum
 tender price. F Dividend and yield based on prospectus or other official
 estimates for 1986-87. G Assumed dividend and yield after pending
 scrip and/or rights issue. H Dividend and yield based on prospectus
 or other official estimates for 1986. K Dividend and yield based on
 prospectus or other official estimates for 1987-88. L Earnings
 annualised dividend, cover and p/e based on latest annual earnings
 M Dividend and yield based on prospectus or other official estimates for

REGIONAL & IRISH STOCKS

Albany Inc 20p	76 1/2	+1 1/2	Fm 13 1/2 97-02	£164 1/2
Craig & Rose £1	£16 1/2	+4	Amports	373 1/2
Finlay Plc 5p	77 1/2	+3	CPH Hldgs	56
High Lowl £1	93 1/2	-10	Carroll Ints.	125
IoM Sm. £1	106	-2	Dynal Gas	18
			Hall (P. & H.)	102
			Hendon Hldgs	28

TRADITIONAL OPTIONS
3-month call rates

Allen Lyons	35	Nat West Bk	58
Amstrad	16	F & G Dr	55
BAT	47	Plessey	20
BOC Grp	42	Polly Peck	26
BSR	12	Racal Elect	20
BTR	30	RHM	30
Babcock	19	Rank Org Ord	55
Barclays	47	Reed (Int)	42
Beecham	48	STC	26

Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
		Wellcome	50

GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	DHS	
GKN	30	BOM	31
Hamson Yst	15	Brit Petroleum	60
Hawker Sidd	50	Burnah Oil	30
ICI	90		

Ladbroke	40	Premier	4
Legal & Gen	25	Shell	75
Lax Service	35	Tricentral	11
Lloyds Bank	48	Ultramar	17
Lucas Inds	55		
Marks & Spencer	18	Mines	
Michael Bk	55	Cons Gold	65
Morgan Grenfell	35	Lonrho	24
		Rio T Zinc	65

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WORLD STOCK MARKETS

AUSTRIA

May 11	Price	Change
Erste Bank	2940	+20
Erste Bank AG	2940	+20
Erste Bank AG	2940	+20
Erste Bank AG	2940	+20
Erste Bank AG	2940	+20

GERMANY

May 11	Price	Change
AGF-Tel	315.50	+0.5
AGF-Tel	315.50	+0.5
AGF-Tel	315.50	+0.5
AGF-Tel	315.50	+0.5
AGF-Tel	315.50	+0.5

SPAIN

May 11	Price	Change
Banco Bilbao	1310	+5
Banco Bilbao	1310	+5
Banco Bilbao	1310	+5
Banco Bilbao	1310	+5
Banco Bilbao	1310	+5

AUSTRALIA (Continued)

May 11	Price	Change
News Corp	19.70	-0.2
News Corp	19.70	-0.2
News Corp	19.70	-0.2
News Corp	19.70	-0.2
News Corp	19.70	-0.2

JAPAN (Continued)

May 11	Price	Change
Nippon Seiki	461	+3
Nippon Seiki	461	+3
Nippon Seiki	461	+3
Nippon Seiki	461	+3
Nippon Seiki	461	+3

CANADA

May 11	Price	Change
21250 AMCA Int	111	+10
21250 AMCA Int	111	+10
21250 AMCA Int	111	+10
21250 AMCA Int	111	+10
21250 AMCA Int	111	+10

BELGIUM/LUXEMBOURG

May 11	Price	Change
B.L.I.	1590	+10
B.L.I.	1590	+10
B.L.I.	1590	+10
B.L.I.	1590	+10
B.L.I.	1590	+10

FRANCE

May 11	Price	Change
Banque Paribas	1440	+20
Banque Paribas	1440	+20
Banque Paribas	1440	+20
Banque Paribas	1440	+20
Banque Paribas	1440	+20

NETHERLANDS

May 11	Price	Change
ABN-NM	62.00	+0.7
ABN-NM	62.00	+0.7
ABN-NM	62.00	+0.7
ABN-NM	62.00	+0.7
ABN-NM	62.00	+0.7

FINLAND

May 11	Price	Change
Amor	28.5	+1.5
Amor	28.5	+1.5
Amor	28.5	+1.5
Amor	28.5	+1.5
Amor	28.5	+1.5

SWITZERLAND

May 11	Price	Change
Adia Int	13050	+225
Adia Int	13050	+225
Adia Int	13050	+225
Adia Int	13050	+225
Adia Int	13050	+225

HONG KONG

May 11	Price	Change
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1

SINGAPORE

May 11	Price	Change
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1
Bank East Asia	22.10	-0.1

NEW YORK

May 11	May 8	May 7	May 6	May 5	May 4	High	Low	Open	Close
Industrials	2,307.16	2,322.20	2,324.00	2,342.10	2,338.07	2,328.22	2,348.54	1,827.31	2,348.54

INDICES

May 11	May 8	May 7	May 6	May 5	May 4	High	Low	Open	Close
Australia	1621.3	1627.1	1623.3	1786.0	1627.1	1651	1486.1	1627.1	1627.1

OVER-THE-COUNTER

Stock	High	Low	Last	Day
Opicor	21.88	19.10	19.10	19.10
Opicor	21.88	19.10	19.10	19.10
Opicor	21.88	19.10	19.10	19.10
Opicor	21.88	19.10	19.10	19.10
Opicor	21.88	19.10	19.10	19.10

Continued from Page 47

Stock	High	Low	Last	Day
Opicor	21.88	19.10	19.10	19.10
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Stock

NEW YORK <small>—DOW JONES</small>			
	May 11	May 2	May 7

151

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New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

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AMEX COMPOSITE CLOSING PRICES

[illegible]

FINANCIAL TIMES

WORLD STOCK MARKETS

Inflation fears send shares into reverse

WALL STREET

FEARS of inflation sent bonds skidding and aborted a brisk stock rally on Wall Street yesterday, writes *Roderick Ozam in New York*.

Bonds had opened higher with the help of a stable dollar but succumbed to jitters over the inflationary impact of rising commodities prices. The price of the new Treasury benchmark long bond finished the day down 2 points at just below its price at last Thursday's auction.

The Dow Jones Industrial average closed down 15.00 points at 2,307.30. It had held on to a 45 point gain until the last hour and a half of trading when it finally bowed to pressure from the retreating bond market.

The sharpest declines came in blue chips which left the Standard & Poor's 500 off 1.80 points at 291.57 and the New York Stock Market composite index down 0.79 at 164.70. In contrast the American Stock Exchange composite index closed up 0.70 at 334.72.

NYSE trading was heavy at 203.7m shares. Advancing issues had led the decline by a ratio of three-to-one during the morning but were level pegging at the close. Buying by foreign investors had been strong in the morning although some domestic institutional investors were active sellers to realise profits, particularly in the afternoon.

Some oil stocks managed to hold to most of their morning gains as crude oil prices continued their rise. Exxon rose 5 1/2% to \$86 1/2, Chevron fell 5 1/2% to \$59, Amoco fell 5 1/2% to \$86 1/2, Atlantic Richfield advanced 5 1/2% to \$92 1/2 and Mobil gained 5 1/2% to \$50 1/2.

Tecaco gained a further 3 1/2% to \$38 and was the New York Stock Exchange's most active issue with more than 6m shares traded. It had gained 5 1/2% on Friday on growing rumours it would either settle its legal battle with Pennzoil or be a takeover target. Pennzoil rose 5 1/2% to \$24 1/2.

Phillips Petroleum fell 1 1/2% to \$16. Dean Witter's oil analyst forecast earnings of 30 cents per share this year compared with 55 cents in 1986 because of continuing pressure on the group's US exploration and production operations.

Chrysler added 5 1/2% to \$40 1/2 on news it would reorganise its parts

manufacturing business into a wholly-owned subsidiary. Some observers suggest this might be a preliminary move to a flotation of the business which has annual revenues of about \$2.7bn.

In the takeover arena, Burlington Industries rose 5 1/2% to \$66. It said it would buy back 8m shares, about 30 per cent of those outstanding, at \$80 each to counter a \$70 a share offer from an investment group led by Mr Asher Edelman, the New York corporate raider, and Dominion Textile of Canada.

Caremark jumped 5 1/2% to \$20 in heavy over-the-counter trading. The medical services group announced a definitive agreement under which Baxter Travenol, down 1 1/2% to \$23 1/2, will offer \$21.33 worth of its stock for each Caremark share.

COMPAQ Computer rose 1 1/2% to \$44 after several analysts raised their earnings estimates. Computer stocks generally were strong with IBM falling 5 1/2% to \$163, Digital Equipment slipping 5 1/2% to \$167, Hewlett-Packard down 1 1/2% to \$58 1/2, Cray Research losing 4 1/2% to \$113 and Unisys giving up 5 1/2% to \$117 1/2.

With the help of an initially stable dollar, credit markets opened yesterday with modest price increases of around 1/4 of a point. But reports of higher commodities prices made markets apprehensive about inflation and prices began to fall. A slight slippage in the dollar's value accelerated the downturn.

Trading was heavy between dealers but retail trading was light. The new 8 1/2% per cent benchmark Treasury long bond finished the day down 2 points at 99 1/2% in the "when issued" market. Its yield was 8.79 per cent against an average of 8.76 per cent for the bids accepted at its auction last Thursday.

CANADA

FIRMER bond and dollar markets combined with Wall Street's confident opening to boost Toronto prices across the board in active trade.

Resource stocks led advances and active with Inco, the busiest stock, adding 3 1/2% to C\$32 1/2 and Falconbridge C\$24 1/2 to C\$23 1/2.

Among similarly strong industrial shares, Canadian Pacific added 3 1/2% to C\$35 1/2.

Montreal advanced across the board. Vancouver slipped.

SOUTH AFRICA

DESPITE some support from a lower financial rand, Johannesburg gold shares eased slightly as the bullion price remained little changed.

South African Rand R2.00 to R2.00, Buffalo R1.50 to R1.50 and Anglo American Gold R7.00 to R7.00.

Driefontein was also lower, by R2.00 to R2.00, and Frengold fell R2.50 to R2.50.

Other mines were quietly steady, with De Beers and Rustenburg, the diamond and platinum shares, steady at R38.65 and R53.00 respectively.

Terry Byland and Janet Bush report on continued investor confidence in the UK

London soars to record on poll news

LONDON SHARE prices soared to new peaks yesterday in anticipation of the news that the general election would be held on June 11.

But sterling and UK Government bond prices were hit by a sense of anti-climax after the announcement following weeks of intense speculation about the timing of the poll.

UK financial markets had surged ahead at the end of last week in anticipation of the election date announcement and some profit-taking had been widely expected.

Pre-election enthusiasm has been most marked in the equity market. At mid-session, with the

market poised for a statement from Prime Minister Margaret Thatcher's Downing Street office, the FT-SE stock index was more than 50 points up and the value of London's quoted equities showed an increase of more than £10bn (\$16.6bn) from Friday night.

Share prices closed well off the top but nevertheless at all-time peaks as the announcement prompted investors to take profits. The FT-SE index ended at 2,163.3, a net rise during the session of 36.8, while the FT Ordinary index finished 28.2 ahead at 1636.5, both records.

Major market indices have risen by about 5 per cent over the

past two sessions, still a far cry from the 10 per cent surge posted in the market's record session of January 24, 1975.

Yesterday's widespread advance appeared to reflect continued confidence by foreign investors in the UK economic outlook as well as an optimistic view of the Thatcher Government's election prospects.

"For overseas investors, Great Britain plc represents the best buy in the market, anywhere in the world. Where else can he find a country with a strong currency and good growth prospects?" commented Dr K. Esarji of Nomura Securities.

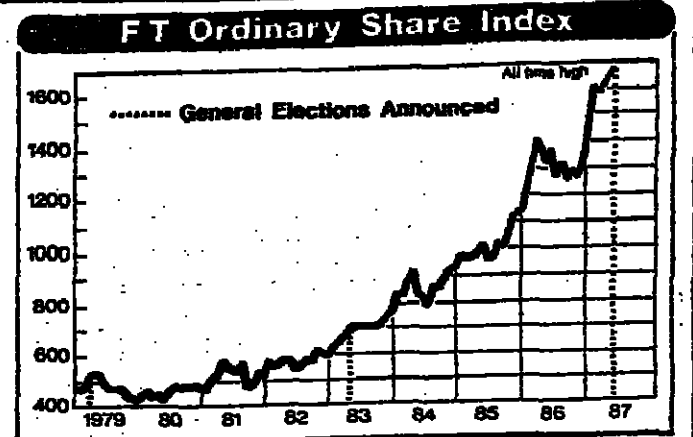
But the mood of optimism did

not appear to be shared by the UK Government bond market, which closed around 1/4 point lower.

The gilt-edged market is labouring under the prospect of sales of stock this week totalling £2bn, including £1bn of short-dated gilts in Wednesday's first experimental auction.

There also seems to be a clearer perception of official interest rate policy in this market. The Bank of England's strong signals on Friday that it did not want to be pushed by financial markets into further, swift cuts in interest rates have had an impact.

Sterling had a mixed day. During the morning, the pound re-



maintained strong in anticipation of the announcement from Downing Street, prompting another bout of intervention to cap its rise by the Bank of England. This is believed, however, not to have

been on the same scale as Friday's sales of the pound. The statement itself seemed to act as a signal to take profits, and sterling ended lower overall. Market details, Page 44

EUROPE

Frankfurt fails to sustain dollar optimism

THE firmer dollar lent early support to most European bourses, although not all could sustain the momentum. Norwegian and Spanish share prices rallied from last week's sharp losses on improved domestic news.

Frankfurt finished mixed after an early rise fuelled by the dollar's recovery fizzled out. The market also found little support from expectations of a fall in domestic interest rates. The Commerzbank index rose 3.8 to 1,796.5.

Pharmaceutical Shering continued to feel a hangover from last week's disappointing results and slipped DM 16.50 to a 12-month low of DM 558.50 in busy trade.

Foreign selling depressed industrial group Feldmühle-Nobel from DM 9.20 to DM 299.80, continuing the slide which has followed news that utility Veba is to buy most of its chemical division. Veba put on a further DM 2.30 to DM 291.50.

Siemens added DM 7.00 to DM 718.00, but other blue chips were mixed. In cars, Daimler lost DM 1 to DM 988.00 while VW picked up DM 2.00 to DM 385.50 and BMW added DM 1.50 to DM 588.50.

Chemical Hoechst was DM 1.50 higher at DM 284.50, BASF rose DM 1.40 to DM 277.00, Bayer lost DM 1.00 to DM 307.00. Engineering stock Mannesmann lost DM 5.50 to DM 189.00 and MAN was DM 2.30 off to DM 165.70.

Banks continued weak. Zurich rose in moderate trade. Dollar-sensitive bank stocks firmed, with UBS bearing rising Sfr 45 to Sfr 4,815 and Swiss Bank Corporation bearer Sfr 5 stronger at Sfr 448.

In foods, Nestlé bearer shares added Sfr 50 to Sfr 9,250 and chocolate and coffee stock Jacobs Suchard picked up Sfr 125 to Sfr

8,875. Retailer Globus put on Sfr 150 to Sfr 8,850.

Insurers were mixed, while chemicals were marginally higher. Amsterdam was helped higher by the dollar's strength and Wall Street's bright start. International shares responded well, with Royal Dutch up F 4 to F 258.00 prior to today's announcement of first quarter results.

Alko was F 1.80 higher at F 134.30, Unilever was up F 1.00 at F 588.00, KLM rose a marginal 30 cents to F 44.90 and Philips was 20 cents better at F 51.50.

Brussels stumbled over continued worries about the Government's ability to survive a dispute between its French and Flemish-speaking communities. The Brussels SE index was 24.3 off at 4,808.64.

Holding shares Reserve lost Bfr 40 to Bfr 3,755, while electrical Gevaert was Bfr 320 lower at Bfr 6,500.

Paris firmed slightly on the dollar's strength. Leading the way was Peugeot, which jumped Ffr 52 to a year's high of Ffr 1,679, before announcing strongly higher 1986 profits. Matra added Ffr 132 to Ffr 2,815, a rise of 4.9 per cent.

Milan was mixed in busy trade, with selling centred on blue chips. Montedison fell L31 to L2,820 and Snia-BPD fell L69 to L4,400.

Madrid rallied on bargain-hunting following last week's sharp losses. Expectations of favourable inflation figures also supported the market. Utilities, constructions, metals and chemicals led advances.

Stockholm fell in dull trade. Saab Scania continued to slip, losing Skr 10 to Skr 685. Volvo fell Skr 5 to Skr 336.

Oslo recovered strongly, led by oil stocks amid market expectations of a rise in crude prices.

ASIA

Nikkei peaks despite vertigo

TOKYO

SHARP EARLY gains lifted Tokyo shares to another record close although gains were pared by a fit of nerves over the dizzy level of prices, writes *Shigeo Nishiwaki of Jiji Press*.

The Nikkei average rose 153 sharply after the opening, continuing Friday's 381 gain, but later fell steadily to close at 24,808.22, up only 18.89. Trading totalled 1,286m shares compared with 2,038m on Friday. Gains led losses 454 to 410, with 140 issues unchanged.

Institutions as well as individual investors had been active on Friday, boosting transactions sharply in the wake of unexpectedly strong Japanese purchases at auctions for US Treasury notes and bonds.

Prices opened higher yesterday as the bullish sentiment continued amid expectations of a cut in the official discount rate.

But buying proved short-lived and small-lot profit-taking soon set in. Officials at leading brokerage houses blamed the weaker tone on wariness over high prices and said there was no major change in underlying factors.

Nippon Steel led the active list with 209.7m shares, but finished 12 lower at Y396 after temporarily registering a record high of Y403.

Other major large capital stocks also fell, with Nippon Kokan and Mitsubishi Heavy Industries losing Y7 each to Y380 and Y623, and Ishi-

kawajima-Harima Heavy Industries dropping Y71 to Y723.

However, second-liners in the large-capital sector were generally firmer. Nishin Steel gained Y11 to Y390 on the second heaviest turnover of 88.94m shares, while Kobe Steel closed Y10 higher at Y322 and Sumitomo Metal Industries rose Y4 to Y246.

Leading constructions eased, but housing-related issues advanced. Taisei Corp. and Kajima lost Y20 each to Y1,250 and Y2,000, but Kobelco added Y37 to Y649, Misawa Homes Y70 to Y2,740 and Sekisui House Y30 to Y2,210.

Toyoko, which had been neglected recently, gained Y16 to Y367 as investors brought on its link with AIDS virus.

Mitsubishi Chemical also rose Y30 to Y1,680, but other major Y30-related issues declined, with Ajinomoto falling Y30 to Y3,500, Takeda Chemical Y50 to Y2,580 and Sankyo Y40 to Y1,940.

Financial stocks lost their morning strength, but still finished higher. Sumitomo Bank, Tokio Marine and Fire Insurance, and Nomura Securities each closed Y40 higher at Y4,800, Y2,800 and Y3,730.

Bond prices eased violently amid speculative trading by dealers. When one dealer purchased, others soon followed, but an increase in selling led to panic off-loading.

The yield on the 5.1 per cent government bond due in June 1986 rose sharply from 2.740 per cent on Friday to 2.945 per cent, but closed at 2.770 per cent as the price of the bond climbed back up again.

Foreigners buy NTT on grey market, Page 27

Utility and property shares led gains, with Hongkong Telephone up 30 cents at HK\$12.80 and Hongkong Land adding 25 cents to HK\$9.35. Trading in Henderson Land was suspended following news of its planned share placing.

Also in heavy demand, Cheung Kong rose HK\$0.10 to HK\$40.50 and its associate Hutchison Whampoa gained HK\$2.50 to HK\$38.

AUSTRALIA

TRADING was fairly subdued in Sydney as investors awaited the Government's economic statement tomorrow when spending cuts of A\$2 to A\$3bn are expected to be announced.

Some industrial shares found demand but resources and golds were lower after their recent strong gains and the All Ordinaries index eased 5.3 from Friday's record to 1,821.3.

Transport company TNT, which plans a one-for-five bonus issue after a large rise in nine-month operating profits, added 10 cents to A\$4.85. Bond Corp eased 8 cents to A\$2.70.

HONG KONG

THE BUYING momentum spilled over into another day of trading in Hong Kong, where shares closed well up on foreign and local institutional buying. The stability of the US dollar, to which the local currency is tied, gave an extra boost to the market.

The Hang Seng index was up 41.87 at 2,948.93 while the Hong Kong index rose 27.15 to 1,838.00.

More foreign brokers allowed in, Page 27

Malaysia boosts share fund for foreign investors

THE MALAYSIA Fund - the first of its kind - was successfully launched on the New York Stock Exchange last Friday and has been increased by 15 per cent from \$84m to \$96.6m, writes *Wong Sulong in Kuala Lumpur*.

Arab Malaysian Merchant Bank, one of the four underwriters and managers, said yesterday that the

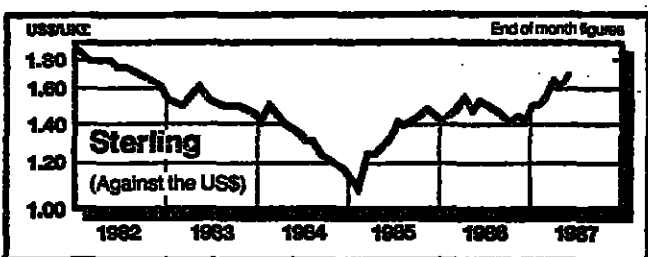
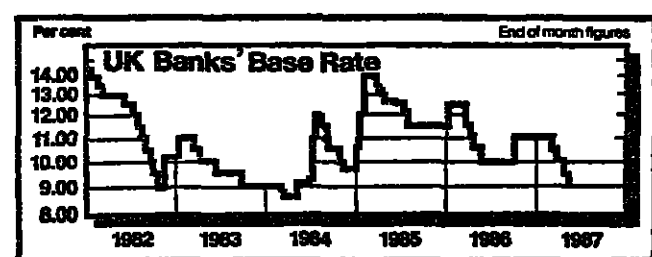
\$85m shares, priced at \$12 each, were quickly taken up by institutional investors.

The fund has been established to give US and Japanese investors, who have traditionally by-passed the Malaysian market, a chance to invest in the Kuala Lumpur Stock

fund's investors, including exemption from withholding tax.

In another development, Public Bank is reported to have finalised its takeover of G.P. Securities. It would be the first bank to buy a 100 per cent stake in a local broking firm. Arab Malaysian Merchant Bank bought a 61 per cent stake in Kris Securities last year.

KEY MARKET MONITORS



STOCK MARKET INDICES	May 11	Previous	Year ago
US Industrial	2,307.30	2,302.30	1,789.23
DJ Transport	951.30	957.38	788.03
DJ Utilities	203.71	205.49	182.91
S&P Comp.	291.57	293.27	237.85

LONDON FT	May 11	Previous	Year ago
Ord	1,688.9	1,687.7	1,330.5
SE 100	2,163.3	2,125.5	1,601.5
A All-share	1,079.98	1,060.10	788.37
A 500	1,208.59	1,184.71	864.39
Gold mines	428.3	426.7	229.1
A Long grt	8.81	8.72	8.03
World Act. Ind	134.11	133.44	89.87

TOKYO	May 11	Previous	Year ago
Nikkei	24,808.22	24,580.22	16,185.0
Tokyo SE	2,160.75	2,169.89	1,200.85

AUSTRALIA	May 11	Previous	Year ago
All Ord.	1,821.3	1,827.1	1,232.1
Metals & Mins.	1,232.0	1,251.4	505.5

AUSTRIA	May 11	Previous	Year ago
Credit Aktien	191.05	191.27	258.06

BELGIUM SE	May 11	Previous	Year ago
	4,806.80	4,830.50	(c)

CANADA	May 11	Previous	Year ago
Toronto	2,943.6	2,938.7	2,085.0
Met. & Mins.	3,824.5	3,818.1	3,056.1
Minerals	1,902.48	1,896.15	1,561.16

DENMARK SE	May 11	Previous	Year ago
SE	201.50	201.58	238.38

FRANCE	May 11	Previous	Year ago
CAC Gen	458.20	(c)	407.5
Ind. Tendance	114.10	(c)	95.62

CURRENCIES (London)	May 11	Previous	Year ago
US DOLLAR	1.7855	1.7885	2.085
DM	1.3850	1.3865	2.200
FF	6.0025	5.9725	9.955
Sfr	1.4770	1.4700	2.4225
Yen	2.0025	2.0150	3.35
Y	1.297	1.291	2.162.9
Bfr	37.30	37.15	61.85
C\$	1.3345	1.3370	2.2140

INTEREST RATES	May 11	Previous	Year ago
3-month US	8 1/4%	8 1/4%	8%
6-month US	8 1/4%	8 1/4%	8%
12-month US	8 1/4%	8 1/4%	8%
3-month UK	8 1/4%	8 1/4%	8%
6-month UK	8 1/4%	8 1/4%	8%
12-month UK	8 1/4%	8 1/4%	8%

FINANCIAL FUTURES	May 11	Previous	Year ago
US Treasury Bonds (CBT)	92.82	92.82	92.82
30-year T-bonds	92.82	92.82	92.82
10-year T-bonds	92.82	92.82	92.82
5-year T-bonds	92.82	92.82	92.82

COMMODITIES (London)	May 11	Previous	Year ago
Silver (spot)	487.50	487.50	487.50
Copper (cash)	239.00	239.00	239.00
Copper (3m)	239.00	239.00	239.00
Oil (Brent)	18.75	18.75	18.75

GOLD (\$/oz)	May 11	Previous	Year ago
London	\$454.50	\$454.50	\$454.50
Zurich	\$454.50	\$454.50	\$454.50
Paris (frg)	\$454.50	\$454.50	\$454.50
Luxembourg	\$454.50	\$454.50	\$454.50
New York (June)	\$457.70	\$457.70	\$457.70

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